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The COMMERCIAL and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Action of Federal Reserve Board Governors in ordering a further reduction in reserve requirements against demand deposits by banks in the New York and Chicago districts indicates clearly the manner in which the Government is gearing the position of the banks to its war financing needs.

The reduction, from 24 to 22%, for these two areas, marks the second cut ordered in about a month under the powers accorded the Board by an amendment to the Reserve Act passed some weeks ago.

Coincident with the dropping of the rate of required reserves, it is pointed out in the Federal Reserve Bulletin just released, that the Treasury will have need to borrow an average of at least $4,000,000,000 a month over the remainder of the fiscal year.

Since, by far, a major portion of this indicated $36,000,000,000 must ultimately go to the banks whose free reserves have been dwindling rapidly, it is apparent that the adjustments which have been made must prove only the forerunner of a further marking down of reserve requirements.

As things now stand the Board is in a position to order another reduction of 2 percentage points in requirements for central reserve city banks in Chicago and New York, which would bring the rate abreast of the 20% figure now prevailing in city banks outside those two areas.

From that point on, it would appear that adjustments would necessarily have to include all the banks in the system.

(Continued on page 981)

Schram Declares People Of The U. S. Appreciate Exchange As Part Of Economic System

Even in these times, when the Nation is preoccupied with the war, the people of the United States have a deep interest in the Stock Exchange and a very genuine appreciation of its usefulness as an essential part of the American economic system, Emil Schram, President of the New York Stock Exchange, stated at the meeting of the Governors of the Association of Stock Exchange firms.

"The New York Stock Exchange," declared Mr. Schram, "is a national institution in a very real sense. Its organization is a far-flung one, extending from the Pacific Ocean to the Atlantic and from Canada to Mexico—and even into other countries. We have found these regional meetings to be not only a most convenient method of discussing our problems at first hand with members of our own community, but, more importantly, a means of meeting and of obtaining the point of view and constructive criticism of the people who support the Exchange.

Emil Schram

"I must confess that, contrary to the impression which I once had, people throughout the United States have a deep interest in the Stock Exchange and a very genuine appreciation of its usefulness as an essential part of our economic system. Even in these grim times, when everyone is preoccupied with the war, we have found, wherever we have gone, a keen interest (which is most flattering to us) in the functions, services and problems of our financial markets. We regard this, of course, as the best possible evidence of the widespread recognition of the necessity of free markets and of the need to preserve their health and freedom. We have been gratified, particularly, to discover that people everywhere are aware of the part which these markets must inevitably play in the eventual transition from a war-time to a peacetime economy.

"It is a source of special pride to us that most of the great industrial enterprises which are producing the materials for the prosecution of the war are listed on the New York Stock Exchange. As a matter of fact, all of our listed companies are contributing substantially to the war effort, either in the manufacture of goods or in supplying necessary services. And may I add that the members and member firms of the New York Stock Exchange are, as in past wars, lending valuable assistance in many ways, but, particularly, in the sale of the Government's securities for the financing of the war.

"The record of American industry, in the nine months since Pearl Harbor and during the previous period of preparedness, speaks for itself—and most eloquently. This record, I believe, is without parallel. I have said repeatedly—and my conviction is strengthened daily—that the performance of American industry, business and finance during this war would be one of such magnitude, such efficiency and such patriotic devotion, that any attempt to discredit our system or to undermine it, would be rejected by a Nation gratefully aware of the productive miracles that have been achieved. This performance has completely confounded the enemies of our system.

"We have had an inspiring exhibition recently in the application of mass production techniques. We have seen our enterprise system convert itself, voluntarily, cheerfully and speedily to war requirements. This conversion, mind you, was accomplished without Government dictation, although all units of our system have willingly become the servant of the Government in this emer-

(Continued on page 978)

Senate Committee Completes Tax Bill—Adopt "Victory Tax"—Cut Corporation Rates

The Senate Finance Committee on Sept. 14 virtually completed consideration of the largest tax bill in the Nation's history and sent the measure to the legislative drafting experts preparatory to reporting it to the Senate floor for debate. The Committee is scheduled to meet again next Monday (Sept. 21) to work out some technical amendments.

As the bill now stands it is designed to increase Treasury collections to about $26,000,000,000 a year. It is estimated that the Senate version of the tax bill will yield about $9,000,000,000 in new revenue but nearly $2,000,000,000 of this total would be returned to individuals and corporations in the form of post-war credits. As passed by the House in July the tax bill was estimated to yield $6,271,000,000, whereas the Treasury had called for a minimum of $8,700,000,000 in additional revenue. Under present tax laws Federal revenue collections amount to about $17,000,000,000.

The chief difference in revenue-raising between the Senate Committee's bill and the House-approved measure was provided by the so-called "victory tax." This levy, superimposed on the regular income tax, would collect 5% of earnings above $624 a year, the assessment being taken out of the pay checks of wage earners. At the end of the year credits of 25% of the tax would be available for single persons and 40%, plus 2% for each dependent, to married persons. These could be taken up in debt and insurance deductions or made in the form of post-war rebates by the Treasury.

The Senate Committee tentatively voted for the 5% "victory tax" on Sept. 8 and reaffirmed its action on Sept. 9 (referred to in our issue of Sept. 10, page 890). It is reported that if the "victory tax" finally becomes law the total number of persons paying taxes to the Federal Government will be increased from the 29,000,000 estimated under action previously taken to 43,000,000. The House bill included a 5% withholding tax as an advance collection on 1944 income taxes and the Senate Committee's "victory tax" proposal contemplates its elimination.

Last-minute action by the Senate Committee on Sept. 14 reduced the combined corporation normal and surtax rate to 40% from the previously-approved rate of 45%. The group fixed the normal tax at 24% and the surtax at 16%.

The Committee on Sept. 14 also reduced the holding period for long and short term capital gains and losses to six months, instead of the 15 months voted by the House and the 13 months it had previously approved.

The following regarding some changes which the Senate Committee bill would make in present tax laws was reported in Associated Press Washington advices of Sept. 14:

Individuals

1. Present normal income tax rate increased from 4 to 6%, with surtaxes now ranging from 6 to 77% increased to range from 13 to 82%.

2. Personal exemptions for income tax cut from $1,500 to $1,200 for married couples, from $750 to $500 for single persons and credits for dependents cut from $400 to $300.

3. New credit allowed against income tax for all medical expenses in excess of 5% of net income, with a maximum of $2,500.

(Continued on page 978)

INDEX

	Page
Bank and Insurance Stocks	974
Bond Selector (The)	971
Calendar of New Security Flotations	982
Investment Trusts	973
Municipal News and Notes	976
Our Reporter on Governments	984
Our Reporter's Report	969
Personnel Items	972
Railroad Securities	973
Real Estate Securities	972
Securities Salesman's Corner	975
Tomorrow's Market — Walter Whyte Says	973
Uptown After 3	980

Whitman Named V.-P. Of Benton & Bowles

A. R. Whitman was elected a vice-president of Benton & Bowles, Inc., 444 Madison Avenue, New York City, at a recent meeting of the board of directors. Mr. Whitman, who joined the agency in 1933, will continue in an executive capacity on the Prudential Insurance Company of America account, and in charge of the agency's war activities.

Jacob Schoellkopf Dies

Jacob F. Schoellkopf, Sr., President of Schoellkopf, Hutton & Pomeroy, Inc., 70 Niagara St., Buffalo, N. Y., died at his home at the age of 84. Mr. Schoellkopf, who was active in the power and dye industries, organized the investment firm of Schoellkopf, Hutton & Pomeroy in 1919.

SEC Extends Period For Submission Of Views Regarding Bid and Asked Disclosure Rule

The Securities and Exchange Commission has extended to Oct. 15 the date for the submission of views from the securities industry regarding its proposed bid and asked disclosure rule, X-15C1-10. The original deadline was Aug. 12 and was then extended to Sept. 15. The latest extension of time was granted by the Commission at the request of representatives of the industry. The additional time, moreover, very likely can be profitably employed by the Commission in carefully analyzing the proposal in relation to its obvious dangers to the very existence of the industry itself. Certainly it should be apparent to the Commission that the proposed rule—at least as presently drafted—is clearly unwarranted and unnecessary and definitely not in the public interest. Furthermore, it cannot do other than seriously obstruct the normal functions of the over-the-counter markets and pave the way for the destruction of an industry whose continued profitable existence is perhaps now more vital to the nation's welfare than ever before. It is a type of legislation, laudable in its objectives, but nevertheless highly impractical and unrealistic and calculated to cause great harm and injury to the rank and file of investors in whose behalf it was presumably initiated.

The municipal bond fraternity, by the way, is prepared to vigorously oppose the application of the proposed rule to their business. This group interprets the rule as an attempt by the SEC to extend its jurisdiction over the tax-exempt field, despite the fact that Congress specifically exempted the municipal business from regulation by the Commission. Two of the leading municipal law firms in New York City have already furnished opinions to the Municipal Bond Club of New York, stating that the rule as applied to municipal transactions is invalid and represents an illegal assumption of power by the SEC.

Additional comments from dealers follow:

DEALER NO. 30

Thomas Graham of the Bankers Bond Co., Louisville, Ky., National Committee Member from Kentucky, in a letter sent to the Executive Council of the National Security Traders Association, Chicago, Ill., discussed the proposed rule, as follows:

Re: RULE X-15C1-10—(PROPOSED)

An identical plan was prepared two years ago by the "Old Guard Group of floor traders" who still seem to control the policy of the New York Stock Exchange. We all hoped the new management would try to improve the position of the Exchange and the business of the Exchange by working with all other investment dealers, large and small, whether members or non-members. With the whole industry cooperating together, some of us believed a solution to the Stock Exchange problems could be found which certainly anybody who is in the investment business or feels any regard for the financial well-being of the country would be in favor of. It seems by recent actions which have come to the attention of the small dealers that the Wall Street element, which is responsible for the present plight of the Stock Exchange, have some way gotten the SEC to ask for a hearing on their plan of attempting by indirection to control the business of all other investment dealers and run out as many non-members as possible. This would be rather humorous if it wasn't for the seriousness of the war situation and the necessity for maintaining a strong national economy.

I wrote Chairman Purcell the above facts. His reply is as follows:

"I wish to acknowledge receipt of your letter pertaining to proposed Rule X-15C1-10 which has been sent to various representatives of the securities industry by the Trading and Exchange Division for comment. I also wish to thank you for the comments that you have made and to assure you that they will be given serious consideration.

"I should add, I believe, that to my knowledge the proposed rule originated in the Trading and Exchange Division of this Commission and that this proposal by that Division was not the result of suggestions by member firms. The only purpose of the rule is to make available information as to current market prices which will enable all classes of investors to make an informed and intelligent judgment as to the desirability of purchasing and selling securities, information which is customarily required by informed investors before they enter into transactions of this nature.

"It may be that the method selected to accomplish the foregoing purpose is not mechanically perfect, but it is hoped that the comments which have been solicited will contain suggestions which will improve the proposed rule or will afford some other satisfactory solution to the problem."

It may only be a coincidence that the identical plans are pre-

(Continued on page 981)

Louis Stoner Enters Army As Captain

Louis A. Stoner, Midwestern Vice-President of Hugh W. Long & Co., Inc., who has been making his headquarters in Chicago for

Louis A. Stoner

several years, has taken a leave of absence from the securities business for the duration to accept a Captaincy in the Army.

Captain Stoner expects to be stationed at the Edgewood Arsenal, Maryland.

J. Clark Named Pres. Exchange Firms Ass'n

John L. Clark, a partner in the firm of Abbott, Proctor & Paine, has been elected President of the Association of Stock Exchange Firms to succeed James F. Burns, Jr., who is shortly to enter the Army Specialist Corps as a Captain.

Mr. Clark was born in Steubenville, Ohio, 48 years ago, and was educated in the public schools of Steubenville, at Washington and Jefferson College and at the University of Wisconsin. During World War I Mr. Clark served as a Lieutenant in the 332nd Infantry.

After the war he was, for a short time, a cost accountant with Follansbee Brothers, steel manufacturers. In 1920 he joined the staff of the "Wall Street Journal" and, two years later, was employed by the Stock Exchange firm of Livingston & Co. as a statistician, becoming a partner in 1927. He remained a partner of Livingston & Co. until Nov. 1, 1934, when that firm merged with Abbott, Proctor & Paine, then becoming a partner in the successor firm. For many years he was actively interested in the New York Stock Exchange Institute, now the New York Institute of Finance, and for some years taught securities analysis in that institution. Mr. Clark was a member of the Nominating Committee which proposed the election of the Association's present Governors.

Mr. Clark's election as President of the Association of Stock Exchange Firms occurred at the Autumn meeting of the Association in St. Paul, Minn. The St. Paul Association of Commerce later gave a dinner at the St. Paul Hotel, in honor of the Governors of the Association, at which Mr. Clark was present.

C. C. Leefe Is V.-P. Of R. A. Ward & Co.

Charles C. Leefe has been elected Vice-President of R. A. Ward & Co., Inc., 63 Wall St., New York City. Mr. Leefe was formerly a partner in Gison, Leefe & Co. and was recently with B. J. Van Ingen & Co. and Content, Hano & Co.

R. A. Ward, President of the firm, has received a commission as Captain in the U. S. A. and will shortly take up his duties as intelligence officer and post adjutant at the Quartermaster Depot at Belle Mead, N. J.

Customers Brokers To Revise Constitution

The Association of Customers Brokers at their quarterly business meeting discussed three proposed amendments to the Association's constitution. It is proposed to have the business year of the group run from September to September, instead of June to June, so that incoming administrations might begin in the fall; to permit members in the armed forces to continue on the rolls without payment of dues; and to extend membership to those handling commission business in commodities.

Allyn C. Donaldson, Vice-President of the Association, has tendered his resignation and has entered the State Department. Louis C. Reynolds has resigned to become associated with the War Production Board; he is succeeded on the executive committee by Ralph O. Rotnem, Harris, Upham & Co.

Eastman, Dillon Open Branch In Hartford

HARTFORD, CONN.—Eastman, Dillon & Co., members of the New York Stock Exchange, have opened a new branch office in Hartford at 75 Pearl Street. The new branch will be under the direction of Benjamin R. Field, recently with the local office of Riter & Co. and in the past manager of the New London branch of Goodbody & Co.

"Economic Almanac"

The National Industrial Conference Board, recently announced the publication of its "Economic Almanac for 1942-43," a handbook of useful facts about business, labor and government in the United States and other areas. The new edition has been greatly expanded to provide time-saving information about wartime agencies and regulations, contract awards, and war finance. An enlarged index gives reference to the specific fact desired. The Board's vast accumulation of a quarter century research on the nation's economic strength and activity are organized and condensed in the "Economic Almanac." The book consists of 536 pages and sells for $4.50 (paper-bound) and $5.00 (cloth-bound). Orders should be addressed to the Conference Board, 247 Park Ave., New York City.

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NY Finance Institute To Begin Fall Term

More than 100 students, most of them experienced security analysts, have already enrolled for the course in "Receivership Rails" to be given this term at the New York Institute of Finance, by Patrick B. McGinnis, well-known Wall Street railroad specialist.

There is also considerable interest in the courses in "Appraisal Method of Security Analysis" and "Public Utility Break-up Values" to be given by Benjamin Graham and Owen Ely, respectively.

As a result of inquiries received from Stock Exchange member firms relative to securing women clerical workers, the Institute has decided to establish a free employment service in connection with its special brokerage training courses for women.

The Fall term begins Sept. 21.

DEALER BRIEFS

Louisville, Ky.

The average of all Kentucky municipal issues reached an all-time peak Sept. 1, 1942. The demand is excellent, with few offerings available.

There has been a good deal of activity in American Turf stock and the various Louisville Railway issues in the last week.—*Thomas Graham, The Bankers Bond Co.*

Portland, Me.

The highest denomination stamp I have in my collection is one for 5,000,000,000 marks issued by Germany in the inflation period. When I see that I stop and try to imagine what it must have been like for investors.—*E. L. Wengren.*

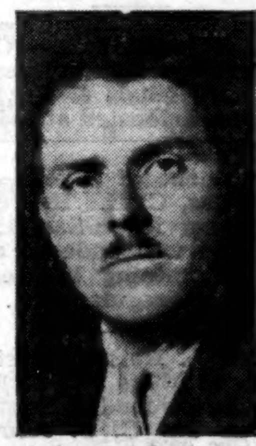
Hipkins & Burchard Open Goodbody Dept.

Goodbody & Co., 115 Broadway, New York City, have opened a Canadian securities department under the supervision of Herbert Hipkins and Gerard L. Burchard,

Gerard L. Burchard

to trade in Canadian listed and unlisted bonds and stocks. Goodbody & Co. will have direct wires to their correspondents in Montreal and Toronto.

Mr. Hipkins was associated for



Herbert Hipkins

seven years with Hart Smith & Co., and prior to that was in the trading departments of Peter P. McDermott & Co., A. Iselin & Co. and Baker, Kellogg & Co., Inc. Mr. Burchard was with Hart Smith & Co. for nearly eight years.

Goodbody & Co. are members of all the principal Exchanges and maintain offices in 22 cities.

Auchincloss Parker To Admit Clarkson

Frederick H. Clarkson, who has been a partner in Winthrop, Whitehouse & Co., will become a general partner in Auchincloss, Parker & Redpath, members of the New York Stock Exchange and other leading Exchanges, on Oct. 1. Upon the dissolution of Winthrop, Whitehouse & Co. a number of his former associates in that firm will also join Auchincloss, Parker & Redpath.

Mr. Clarkson will make his headquarters at the New York office of Auchincloss, Parker & Redpath, 52 Wall Street.

Security Analysts To Meet

The New York Society of Security Analysts, Inc., will have for the speaker at their luncheon meeting on Wednesday, Sept. 23, Mr. C. S. Davis, President of Borg-Warner.

At their meeting scheduled for Friday, Sept. 25, the group will be addressed by an official of the Erie Railroad.

Bonner-Gregory Admits

George W. Linne has been admitted to partnership in Bonner & Gregory, 30 Pine Street, New York City, members of the New York Stock Exchange. Mr. Linne will act as alternate on the floor of the Exchange for Douglas G. Bonner.

THE BOND SELECTOR

CALGARY POWER COMPANY, LTD.

First Mortgage 5s, 1960 and 1964

Operating in the Canadian Provinces of Alberta and Saskatchewan, the company and its subsidiaries serve some 215 communities with water and electricity at retail; electricity is sold at wholesale for redistribution to 14 purchasers who, in turn, serve 58,000 customers with this power. Service area is predominantly agricultural, but other important industries in the section are lumber, coal and metal mining. Calgary, Alberta, is the largest city served.

Calgary Power Company's property consists of three hydro plants on the Bow River, situated west of Calgary, with an aggregate capacity of 70,000 hp. Also operated as standby plants are two steam stations representing about 18,000 h.p. A large power and storage project was begun in 1940 at an initial estimated cost of $3,000,000.

The company's funded debt totals $11,652,500 and consists of $8,183,500 first mortgage 5s, 1960, $1,713,000 first mortgage 5s, 1964, and $1,756,000 5% secured notes. The first mortgage bonds are secured by a first lien on all the company's freehold land, power plants and power rights, transmission lines and distributing systems, and are further secured by a floating charge on all other assets of the company. At Dec. 31, 1941, gross property was carried on the balance sheet at $22,400,000 and reserve for depreciation amounted to $4,065,000. Franchises and investments, not included in the property figure, aggregated $2,362,000, of which $1,531,000 represented investments, mainly securities of subsidiary companies.

According to the indenture, interest on the 5s, 1960, is payable in Canadian currency at any branch of the Royal Bank of Canada, in Canada; in U. S. currency at the Royal Bank of Canada in New York; or in sterling at the rate of $4.86 to the pound in London. Interest on the 5s, 1964, is explicitly stated to be in Canadian currency.

A sinking fund operates which retires not less than ½% of the outstanding issue. The 5s, 1960, are callable on any interest date on 30 days' notice at 104 to April 1, 1945, and at 1% less each succeeding five-year period; the 5s, 1964, are redeemable at 105 to June 1, 1944, the premium reducing 1% each five-year period thereafter.

Calgary Power Company has had a favorable earnings record which affords these medium grade bonds ample coverage. The earnings record for the past several years is outlined at the end of this article. In 1941, fixed charges were earned 1.56 times, or just about the same as in 1940. Gross revenues in 1941 totaled $2,640,000, an increase of about 1% over 1940. Income available for fixed charges amounted to $1,022,000 after income taxes. Total interest and bond discount requirements were $653,000.

Priced well under par, the first mortgage bonds are considered an attractive long-term holding. Increase of capacity and continually growing demands for power in Canada should tend to maintain fair earnings margins over interest. Approach of parity between Canadian and U. S. funds after the war would, of course, be reflected in higher prices for the bonds, while purchases at current levels afford an attractive income return.

EARNINGS RECORD
(000s Omitted)

	Gross Revenues	Avail. For Fxd. Chgs.	Fixed Charges	Times Earned
1941	$2,640	$1,022	$653	1.56
1940	2,338	1,041	672	1.55
1939	2,174	1,165	656	1.78
1938	2,114	1,059	633	1.69
1937	1,998	1,031	631	1.63

Baas Municipal Mgr. For Westheimer & Co.

CINCINNATI, OHIO—Westheimer & Co., 326 Walnut St., members of the New York Stock Exchange, and other Exchanges, announce that John Baas has been appointed manager of their Municipal Bond Department. Mr. Baas has been in the municipal bond business since 1919, starting with J. C. Mayer & Co. In 1925 when Magnus & Co. was formed he joined that firm and has been connected with them until joining Westheimer & Co. Sept. 1.

Mr. Baas' association with Westheimer & Co. was previously reported in the "Financial Chronicle" of Sept. 10.

SEC Expected To Ask Yearly Dealer Report

It is expected that the Securities and Exchange Commission will shortly promulgate a new rule requiring that all brokers and dealers doing business with the public file a financial statement with the Commission at least once a year. The Commission has not required up to the present time that financial statements be filed directly with it.

It is also reported that the Commission in announcing the new rule, which it is expected will be applicable after Jan. 1, 1943, will adopt the new uniform financial statement.

Boston Traders Name Slate Of Officers

BOSTON, MASS. — The nominating committee of the Boston Securities Traders Association has submitted to the members the following slate of officers for the new year, which will be voted upon at the annual meeting of the Association to be held September 28th at the Boston Yacht Club.

President: Eugene R. Hussey, First Boston Corporation.

Vice-President: Frederick W. Rice, Jr., Goldman, Sachs & Co.

Treasurer: Howard S. Harris, Baldwin & Co.

Recording Secretary: G. Carleton Jordan, Jr., R. W. Pressprich & Co.

Corresponding Secretary: William S. Thompson, Ralph F. Carr & Co.

Governors For Two-Year Term: Robert T. B. Peirce, H. P. Wood & Co.; Charles W. Stevens, Arthur Perry & Co., Inc., and A. N. Winslow, Jr., Perrin, West & Winslow.

Governors For One-Year Term: Harry W. Crockett, Coffin & Burr, Inc.; William F. May, May & Gannon, and James F. McCormick, Jr., Chandler Hovey & Co.

Central States IBA Name New Officers

CHICAGO, ILL.—D. Dean McCormick, partner of Kebbon, McCormick & Co., Chicago, Ill., has been elected Chairman of the Central States Group of the Investment Bankers Association of America for the year 1942-1943.

D. D. McCormick

Other officers chosen at the annual meeting on Sept. 15 are: John E. Blunt, 3rd, of Lee Higginson Corp., Vice-Chairman, and Newton P. Frye of the Central Republic Co., Secretary-Treasurer.

In addition, the following were named for three-year terms on the Executive Committee: Holden K. Farrar of Smith, Barney & Co., Pat G. Morris of The Northern Trust Company, William H. Sills of Sills, Troxell & Minton, Inc., Chicago. Arthur C. Allyn of A. C. Allyn & Co. was chosen to serve one year, filling a vacancy caused when Douglas Casey of the same firm resigned to go on active duty in the Army. Mr. Loomis will continue a member of the Executive Committee, ex officio, as the retiring Chairman.

Ins. Stock Interesting

The current issue of "News & Views," published by Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, Calif., contains interesting details on several insurance companies which offer particularly interesting possibilities at the present time. Copies of "News & Views" may be had from Butler-Huff & Co. upon request.

Insured Investment For Investors And Trustees

The United Building & Loan Association, 519 Garrison Avenue, Fort Smith, Ark., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings & Loan investments full particulars. Current dividend rate of 4% per annum.

Selected Investments Co. In New Offices

CHICAGO, ILL. — Selected Investments Company, which is now confining its activities to the national wholesale distribution of Selected American Shares, Inc., announces the opening of its new offices, Suite 2047, the Field Building, 135 South La Salle St.

Alvin H. Baum, Executive Vice-President, is acting head of the company since Major Robert S. Adler, President, is on active military duty. Edward P. Rubin is President of Selected American Shares, Inc.

REAL ESTATE SECURITIES

AN INFLATION HEDGE
HOTEL SECURITIES SHOW MARKET STRENGTH

A decided trend of capital being invested in selected real estate securities as a hedge against the inflation threat is noted by brokers who specialize in that type of security.

Investors are seeking a tangible investment for their money and feel that these securities backed by real property provide such a media, as real estate values traditionally increase when prices become inflated. For many years before the depression, real estate mortgage bonds occupied a preferred position as investments. Today they still are looked upon favorably by Insurance Companies who have about 19% of their assets so invested.

Many investors, needing and depending on income and seeing the effect of high taxes in reducing stock dividends, have turned to fixed interest bonds in order to maintain a return on their invested capital.

These factors have already had the effect of increasing market values of many issues in the real estate field. Several bonds secured by hotel properties have shown a gradual but steady increase due to the marked increase in business and earnings of the properties. Sizable amounts of cash, available from earnings after payment of interest on the bonds, used as a sinking fund for purchase and retirement of bonds to reduce the outstanding mortgages, have the natural tendency of stabilizing and increasing market prices. At current levels, many of these bonds offer a yield considerably in excess of 6% with more than usual appreciation possibilities.

Earning reports recently issued include those of Hotel Taft Corporation and Hotel Lexington, Inc., the report on the former property showing for the year ended July 31, 1942, the sum of $154,203.59 available as a sinking fund, after payment of 5% interest on the outstanding bonds.

Net profit of Hotel Lexington, Inc., shown in accordance with the provisions of the indenture for the six months ended June 30, 1942, amounted to $134,589.14, before interest. As current interest for the period at 4% per annum amounts to $78,000, coverage above current interest was approximately $56,000.

Both of these properties show increased earnings over the corresponding prior periods. Statistics prepared by Harris, Kerr, Forster & Co., a prominent firm of accountants and auditors, based upon the operations of 21 transient hotels in New York City, comparing the first six months of 1942 and 1941, show a 12% increase in total revenue and only a 6% increase in operating expenses and real estate taxes, resulting in a 50% increase in profit before capital expenses. Percentage of occupancy for 1942 was 66.26% as compared to 60.18% in 1941, an increase of 6.08%.

Both of these properties were reorganized in 1936 or 1937 and the requirements of the funded debts adjusted to meet existing conditions. The outstanding $3,437,800 first mortgage bonds of the Hotel Taft Corporation are secured by the land located on the block front on the easterly side of Seventh Ave., New York City, between 50th and 51st Streets, together with the 20-story hotel containing approximately 1,610 rooms erected thereon. All furniture and furnishings are pledged as additional security under the mortgage.

The property owned by Hotel Lexington, Inc., and subject to the $3,900,000 funded debt consists of land owned in fee located on the southeast corner of Lexington Avenue and 48th Street, New York City, together with the 28-story hotel building erected thereon; also a 4-story building at 129 East 47th Street on land 20 by 100 feet. The combined area of both plots is approximately 19,500 square feet. Company also owns the furniture and fixtures subject to the funded debt.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Harvey W. Katz**, formerly with A. M. Kidder & Co., has joined **Francis I. du Pont & Co.**, 1 Wall Street.

NEW YORK, N. Y. — **Gerson Steinberger**, formerly with Hirsch, Lilienthal & Co., has become associated with **Ira Haupt & Co.** and will be located at the firm's branch office at 501 Seventh Avenue.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **George W. Schultz**, previously with A. A. Bennett & Co. and Traction Securities Co., has joined the staff of **Leason & Co., Inc.**, 39 South La Salle Street.

(Special to The Financial Chronicle)
MILWAUKEE, WIS. — **Fred D. Jenkins** has become affiliated with **Charles W. Brew**, 735 North Water Street. Mr. Jenkins was formerly with John Gould and G. M. Thorsen Co.

(Special to The Financial Chronicle)
SPRINGFIELD, ILL. — **Clifford W. Wright** has become associated with **Ryan-Nichols & Co.**, whose main office is located at 105 South La Salle Street, Chicago. Mr. Wright was formerly with Lowell Niebuhr & Co. and in the past conducted his own investment business in Springfield.

(Special to The Financial Chronicle)
UNION CITY, IND.—**Clifford C. Fisher** has been added to the staff of **Wayne Hummer & Co.**, 105 West Adams Street, Chicago, Ill. Mr. Fisher was formerly with Stokes, Wolf & Co. for a number of years.

In The Armed Forces

Benjamin Boas, New York City, has been commissioned a Lieutenant in the United States Naval Reserve.

H. I. Booker, First Boston Corp., New York City, has received a commission as Lieutenant-Commander in the Navy and has been assigned to Jacksonville, Fla. Commander Booker, an Annapolis graduate, served as a flying instructor at Pensacola until becoming associated with the First Boston Corp.

J. L. R. French, formerly trading manager for Pearson, Erhard & Co., Boston, is now serving in the armed forces—805th TSS, Barracks 1235, Sioux Falls, S. Dak.

William Gordon, previously in charge of the order department for Fahnestock & Co., New York City, joined the Coast Guard as a seaman.

Melvin H. Hass, Captain in the U. S. Marine Corps Reserve, has been called to active duty. Until recently Mr. Hass was Executive Vice-President of Wyeth & Co., Los Angeles, Calif. He reported for active service in San Diego on Aug. 1 and will undergo a short period of training before being assigned to a regular post.

Edward L. Holsten, partner in Salomon Brothers & Hutzler, has been commissioned a First Lieutenant in the U. S. Army Air Force and will report to Miami Beach, Fla., where he will join the intelligence division of the Air Force. Lieutenant Holsten is on leave of absence from his firm.

Harry J. Krug, Jr., of the Philadelphia office of R. H. Johnson & Co., 1528 Walnut Street, has been commissioned a Lieutenant in the United States Naval Reserve.

Robert Parmenter, of Boston, Mass., is now in the armed forces.

Henry L. Rosenfeld, Jr., is on leave of absence from Salomon Bros. & Hutzler, New York City, in which he is a partner, and has entered the U. S. Army as a private. Mr. Rosenfeld during World War I served overseas with the Army and rose to the post of acting commander of a company. With more than 800 hours of civilian flying to his credit, he is Second Lieutenant and Executive Officer of a Civilian Air Patrol squadron.

Walter T. Swift, formerly of Kidder, Peabody & Co., Boston, is now in the armed forces—Class 3-43-A Embry Riddle School, Miami, Fla.

Cgo. Municipal Club Will Hold Outing

CHICAGO, ILL.—The Municipal Bond Club of Chicago will hold a streamlined one-day outing at the Bob O'Link Golf Club at Highland Park on Oct. 2. Reservations should be made on or before Sept. 30 through R. C. Vinnedge, Halsey, Stuart & Co., Inc., Chicago.

The club invites all municipal men to participate in the outing—arrangements have been made with the Palmer House to take care of out-of-town visitors, if reservations are received a few days in advance. The guest fee is $8.

See Inflation Hedge In Real Estate

Investments in carefully selected real estate currently have considerable appeal as an inflation hedge, says the United Business Service, Boston, in a special report on the real estate outlook.

The Service points out that "mortgage rates are low, and that a liberal mortgage at low fixed interest has rather obvious advantages in an inflationary period. Mortgage interest, unlike rents, is deductible for income tax purposes. Moreover, even though loss of gasoline tax revenues may lift real estate taxes, the rise in such levies will be considerably less than the advance in Federal corporate and individual taxes. From a rental standpoint, little difficulty will be had in keeping most properties fully occupied with all new non-defense building curbed.

"On the bearish side, however, are the following factors to be considered. Local conditions are even more spotty than in peacetime. The danger of investing in a 'white elephant' has increased accordingly. Suburban real estate values are vulnerable to the gas and tire shortages, while many long-depressed intown properties are beginning to appreciate in value. However, this reversal of the trek to the suburbs is undoubtedly a temporary situation. In considering the purchase of rental property as an investment, unusually careful appraisal is necessary giving due weight to postwar as well as current wartime prospects."

The Service forecasts that farm land will continue to appreciate in value, but that there will be no such boom as the one during and after World War I. A farm, the announcement adds, "offers a reasonably good inflation hedge as well as means of subsistence under adverse economic conditions — if the purchaser knows something about practical farming or can afford to hire a competent manager or tenant. Properly worked a farm can show a good profit at current crop price levels or at least provide a self-sustaining investment. However, purely as a country home, a farm has no more inflation hedge value than a city house."

Tomorrow's Markets Walter Whyte Says——

Tax amendments have partial effect on market but effect misleading. Prices still between "hay and grass." No real signs of immediate trend visible.

By WALTER WHYTE

As this goes to press the market has still to show anything of a positive nature. One day it shows up, the next down. But seldom do its indications of any single day follow over into the next day.

* * *

There are reasons for this confusion. The first is the war, the second is taxes, the third is Congress's insistence of looking at the whole thing through the small end of the binoculars.

* * *

I place the war as the first reason because every thing that has happened in the last year, and will happen in the future, is tied to the war. Taxes have jumped, business overseeing has increased but you can rest assured none of these would have assumed their present importance if it wasn't for the war. We are now spending about $139,000 a minute on the war. It's obvious the money must come from somewhere.

* * *

Recently the market got a shot in the arm when it interpreted the 80% tax ceiling proposal as bullish. Apparently it wasn't important enough to move prices too much out of their rut. The other day the Senate Finance Committee agreed to permit utilities to deduct dividends paid on their preferred in making up their surtax net income. Previously the Committee had recommended a cut in the normal and surtax rates from 45% to 40%. These actions brought about another small rally, particularly in the utilities.

* * *

What amazes me is that people read these suggestions and recommendations with complete seriousness then go out and buy certain issues they feel will be benefited. The fact such recommendations are not laws and, for all we know, may never be, is cheerfully overlooked.

* * *

If there is one thing unpredictable it is Congressional action. One day one "spokesman" says one thing. The next day another "spokesman" says another. The stockmarket, not easily fooled by "recommendations" and "suggestions," acts accordingly.

* * *

You certainly recall the President's ultimatum to Congress to do something about farm prices by October. Of course there were Congressional fireworks. It was natural. Still one would be led to believe Congress, after getting it's senses back, would do something, not because Roosevelt demanded it, but because it was in the interest of the country.

* * *

So what happens? Henry B. Steagall, Alabama Democrat, and Chairman of the House Banking Committe and leader of the House farm bloc, comes up with a plan to ". . . command the Secretary of Agriculture to make loans and purchases and to carry on other operations" (in agricultural products) "at not less than 100 per centum of the parity prices therefor. . . ." The catch is in the Steagall interpretation of "parity." According to the Steagall bill the fomula for parity is also to be changed.

* * *

It's all quite simple. If people object to a little thing like par then just change par. Of course prices won't go down, or remain steady. They will have to go up to Mr. Steagall's par. But what of it? Isn't the House giving us what we want?

* * *

The Senate, a little more sober minded, came up with the Brown-Wagner resolution which would really do the job. But no sooner is it made public then Senator John Bankhead, leader of the Senate farm bloc and Democrat from Alabama, comes out with the statement that he would offer an amendment to the Brown-Wagner resolution to change the value of par.

* * *

As it stands now if the Steagall and the Bankhead interpretations become law foodstuff prices will not only go up, they will be forced up. This means wages must also go up. Where would this kind of a mess leave industry!

* * *

So if you get all excited about a new piece of legislation Congress is dickering about, and wonder why the market doesn't go up or down on it, some of the above "plans" may furnish a partial answer.

(Continued on page 980)

RAILROAD SECURITIES

Southern Pacific System liens continue as about the brightest spot among the second grade rail issues, hovering around the year's high levels while other marginal carrier securities trade listlessly around the middle level of their 1942 ranges. Complete justification for the outstanding market performance of the Southern Pacific liens is found in the phenomenal earnings record being achieved, and growing confidence in the ability and intention of the management to take the fullest financial advantage of the earnings windfall.

Following the short-lived peace psychology last spring there has been a more general recognition that the war will probably be a long one, and there is every reason to expect that Southern Pacific will continue with peak traffic loads and earnings at least for the duration of the war. In addition, there has been a gradual reversal of earlier fears that the company faced a sharp contraction in traffic volume to low depression levels as soon as the war is over. This more general postwar appraisal is based on recognition that we will, in all likelihood, be called upon to play a dominant role in the feeding and rehabilitation of a war-torn world, thus presaging well maintained traffic levels for at least the major transcontinental roads. There is also a growing feeling that the competitive situation may not be so acute, at least in the immediate post-war years.

It is pointed out that feeding and rebuilding Europe and Asia will place a heavy burden on available shipping tonnage, and that intercoastal steamship competition may be slow to revive. The generally unsatisfactory profit experience of intercoastal and coastal ship operators in the pre-war years and the very serious maritime labor situation are also pointed to as a possible deterrent to the rebirth of such serious steamship competition. Finally, it is contended, with logic, that much of the plant construction in the Southwest and the Pacific Coast areas for war purposes represents a permanent accretion to the economy of the service area.

The impressive financial progress made to date and indicated over the visible future, when coupled with the more realistic view now being taken of the long term post-war traffic position of Southern Pacific, has resulted in a feeling of confidence in the long term ability of Southern Pacific to maintain its financial integrity. It was only a few years ago that Southern Pacific was considered as one of the most likely of the marginal properties to succumb to a top-heavy debt structure.

Four years ago Southern Pacific was operating at a deficit and involving itself heavily in bank and RFC accommodations. This year it is possible that Southern Pacific may earn $60,000,000 after all charges, and the company is being just as quick to pay off its obligations as it was to contract new ones when earnings were low. As a matter of fact, the willingness of the Southern Pacific management to spend money in the late 30s, when things did not look so good, accounts to a considerable degree for the subsequent happy earnings experience. Extensive property rehabilitation work and large expenditures on new equipment have brought an important improvement in operating efficiency.

The improved operating efficiency was in evidence even before the spurt in westbound freight tonnage (normally there is a heavy empty car movement west) brought about a healthier and more economical balance of traffic direction. This was apparent in 1940 when revenues were not much (only about 3%) above the previous recovery peak of 1937, but the operating ratio was cut more than four points and transportation ratio declined from 40.8% to 37.6%. Last year the transportation ratio was held to 35.3% and it will probably be materially lower in 1942.

Southern Pacific reduced its publicly outstanding non-equipment debt by $34,441,000 in 1941 on net earnings of $34,759,000, and during the first half of 1942 liquidated the balance remaining of the temporary loans contracted in the late 30s. Even more substantial progress should be possible this year, with net earnings running close to 10% of the entire system non-equipment debt. It would obviously not take very long under these earnings conditions to reduce the fixed charge burden to a level supportable even under severe depression conditions. Exclusive of bank loans liquidated earlier this year, the 1941 year-end balance sheet showed a total of $73,631,000 of non-equipment debt maturing from 1942 through 1948 and $132,280,625 falling due in 1949. It is indicated that the company has already started making inroads into the 1949 requirements through open market purchases.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—41⅝; low—14¾; Sept. 16 price—41½.

License Revoked

The broker-dealer registration of the Superior Investment Company, 9 South Kedzie Avenue, Chicago, Ill., has been revoked by the Securities and Exchange Commission, which said that the company had filed an answer and consent.

Bank and Insurance Stocks

This Week—Insurance Stocks

With corporations and individuals alike, it is no longer a question of how much one makes but how much it is possible to keep—after the tax-gatherer has made his rounds. Thus taxes have become the most important single factor in corporate analysis. This is not entirely attributable to the war because there has been a marked tendency in that direction for several years, but financial requirements of the war are serving to accelerate and emphasize the situation. In the days when peace and some measure of frugality characterized our national life, taxes were only an incidental and relatively painless item of expense for the average business. Now, however, it is estimated that tax charges are absorbing some 75% of the current profits of incorporated industry.

The ramifications of such a development are many and varied. The burden will by no means fall equally on all industries. The insurance business, for example, will probably fare better than most others both in respect to the proportion of earnings it must pay out in taxes and in respect to the stimulation it is receiving from the large scale productive efforts of the nation. Inasmuch as insurance premiums are a deductible operating expense for those engaged in other lines of business, there is ample incentive for them to carry every possible type of coverage—and in the maximum amounts permissible. Furthermore, there is less of a tendency to boggle over rates when it makes little difference to the buyer whether a given dollar is paid out for insurance or for taxes.

As far as their own taxes are concerned, fire and casualty companies have heretofore enjoyed a relatively sheltered position. The new Revenue Bill of 1942 has not yet been passed but it is beginning to take shape in its broader principles and a reasonably close approximation can now be made of the impact upon a good many industries. The 1942 bill will be a good deal stiffer than the 1941 bill. However, although the rates will be higher, indications are that the application of them will follow the same general lines as last year. Therefore, in respect to corporate taxes at least, it is possible to do some preliminary figuring. Apparently, companies in the fire and casualty business will continue to occupy a favored position in regard to taxes. This is due to a number of factors which are worth discussing at this juncture.

The tax advantages enjoyed by an insurance company are largely fortuitous because the same schedule of taxes applies to them as to other corporations. However, due to certain peculiarities of insurance company accounting plus the fact that a considerable proportion of income is derived from security holdings, many exemptions and options are available to insurance companies which are not open to other corporations. Taking the 1941 Revenue Law as a model, it is interesting to review the tax situation as it applied to insurance companies. Apparently the 1942 Act will carry the same normal tax rate, a boost in the surtax from 7% to about 21% and an excess profits tax of 80% to 90%, with or without some post-war credit provisions.

Inasmuch as insurance earnings derive from two distinct and separate sources, each one must be examined. As to underwriting profits, they are subject to the normal tax, the surtax and the excess profits tax just as any other regular earnings from a business. However, an insurance company's statutory earnings are materially influenced by its volume of writings. When new writings come in more rapidly than old business is "run off," the setting up of additional legal and contingency reserves may result in a technical underwriting loss. In effect, the insurance companies now have a considerable amount of deferred or hidden earnings which are not taxable. According to present indications, this situation may continue through the heaviest period of war taxation.

In any event, premium income has increased materially and thus provides correspondingly greater amounts which may be invested. The investment end of the business obviously provides the most regular and dependable income, and might be termed the "bread and butter" earnings. Therefore, the extent to which these earnings are exempt from taxation is highly important, particularly since most insurance companies keep their own dividend payments well within the amount of net investment income which they receive.

The investment income of insurance companies is derived chiefly from four sources: (1) tax-exempt Government and municipal bonds, (2) taxable bonds of all types, (3) preferred stocks, (4) common stocks. Inasmuch as operating expenses may be charged against taxable income, it is safe to say that their tax-exempts are almost entirely free from the normal tax. Some of this income may be subject to the surtax but, under the 1941 law, interest on State and municipal bonds was exempt from both the normal and surtax. Dividends received on holdings of both preferred and common stocks, last year, were 85% exempt under the normal tax and totally exempt from the surtax. It appears that the new law will carry very similar provisions.

As far as excess profits are concerned, most insurance companies stand very well. For the most part, earnings during the basq period of 1936-39 were excellent if the average earnings option is used. Furthermore, alternative options are permissible if a company elects to use the invested capital method and, in one way or another, investment policy may frequently be adjusted to permit of substantial savings.

One curious phenomenon in the present situation is the fact that, during this particular boom, bond prices are high and common stocks are low. Normally, when business is active and premium income of the insurance companies is large, common stocks are selling high and bonds are low. We shall let our readers draw their own inferences from this but it can be said, at least, that it does illustrate the investment advantages always available to companies possessing the flexibility enjoyed by companies in the fire and casualty business. Through thick and thin, for richer or poorer, these companies have invariably accomplished a better-than-average performance in handling their investments. It is a fair assumption that they will continue to do so.

Frank Hurley Now With Merrill Lynch Firm

ST. PAUL, MINN.—Frank W. Hurley, formerly manager of the local office of Harris, Upham & Co., has become associated with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building.

Frye In Bellingham

(Special to The Financial Chronicle)

BELLINGHAM, WASH. — William Alison Frye is conducting a securities business from offices at 1243 Marine Drive.

Realtors To Hold National War Conference

The National Association of Real Estate Boards will hold a War Conference in St. Louis, Nov. 18-20, inclusive, President David B. Simpson announced on Sept. 12. The Hotel Jefferson will be convention headquarters.

"The relationship of real estate to war activities is an intimate one and it reaches into every real estate office," President Simpson states. The national War Conference, of the entire membership of the Association, will meet with officials of a number of the Federal agencies whose work calls for real estate war use or otherwise affects real estate in the war program.

Subjects which will be discussed include rent control, its administration, and its implications; the land purchase and leasing program of the Army and Navy; finding of homes for war workers by private building or remodeling; real estate in the hands of the Alien Property Custodian and of the Federal Deposit Insurance Corp.; maintenance of the nation's many million dollars' worth of existing structures of all types under war restrictions upon materials and equipment; industrial plant location in the war program; the movement for a co-ordinated national, State and local taxation policy that will draw the necessary war costs equitably and in a way that will conserve a sound financial situation for State and local governments; need for neighborhood shopping centers in new-sprung war-worker communities; civilian housing needs as affected by the pressure of immigration and by stoppage of construction; commercial property management under war-period sales restrictions; action that needs to be taken now toward sound urban planning, including industrial soundness for cities, in the post-war period.

Meetings of the American Institute of Real Estate Appraisers, the Institute of Real Estate Management, the Society of Industrial Realtors, the National Institute of Real Estate Brokers, the Home Builders Institute of America, the Urban Land Institute, and the National Conference of Real Estate Taxpayers will be held in connection with the Conference.

DIVIDEND NOTICES

The Securities Salesman's Corner

AN INFORMATION PLEASE! OR SO YOU THINK YOU KNOW THE RAILS

Last week in this column the importance of accurate information about current developments in the financial world was stressed as a valuable aid in meeting current sales problems. We made the point that much of a salesman's success depends upon his ability to gain his customer's confidence in his knowledge as an investment advisor. Such articles as the one which appeared in the Sept. 3 issue of the "Chronicle," by Patrick B. McGinnis, headed, "Reorganized Rails Have Favorable Outlook," can help to form the basis of a salesman's foundation of knowledge about "what is going on" in the securities field. It is through this kind of reading (which eventually becomes a daily habit) that a securities salesman gains the poise and "know how" that brings in the orders.

Just to show how much meat was contained in this article; and possibly to give some insight into how much or how little you may know about some of the latest "goings on" in the field of railroad securities, the following questions have been selected from material covered in this article by Mr. McGinnis. Score yourself and see how you come out. Answers will be found on inside back cover of this section.

1. In the 20s the railroad industry had a gross income which approximated $6,000,000,000 average per annum as against an average figure of about $4,000,000,000 in the 30s. WHAT WAS THE MAIN REASON FOR THIS DECLINE IN GROSS?
2. What is a Class I railroad?
3. Two of the following roads are classed as Pocahontas Roads and three as Industrially Owned Carriers, name the roads which fall into each class. Bessemer & Lake Erie, Virginian, Chesapeake & Ohio, Missabe & Iron Range, Chicago & Illinois Midland.
4. Who now has complete charge of railroad reorganizations?
5. Can the courts change the plan after they have submitted it? Can they disapprove it? If they disapprove it can they send it back with suggestions?
6. What are the three main steps in present day railroad reorganizations?
7. What effect upon payment of accumulated interest of bankrupt roads has the latest ruling of the Treasury Department (now before the Circuit Court on appeal) made regarding unpaid back interest of such roads as the New Haven, the Milwaukee and other similar bankrupt carriers?
8. Of the eight reorganization plans so far approved, about what percentage of the new securities have gone to first mortgage bonds? Between 10 and 20%—20 and 30%—40%—50%?
9. How much to income bonds?
10. In 1940 the railroads did 97½% of the business that they did in 1930. However, their wage bill for the period was down $600,000,000. In the former period they employed close to 2,000,000 men; about how many did they employ in 1940?

Geo. A. Saxton Dies

George A. Saxton, President of G. A. Saxton & Co., Inc., 70 Pine St., New York City, died suddenly of a heart attack while swimming at Beach Haven, N. J. He was 41 years old.

Mr. Saxton was a graduate of Harvard University, where he played on the varsity football team and was a shot-putter on the track team. He was graduated from Harvard in 1922 and went to France to study at the Sorbonne, later being employed in the Paris branch of the Bankers Trust Company. From 1924 to 1926 he was Professor of Romance languages at Grove City College. He entered the bond business in 1926, founding G. A. Saxton & Co., Inc., in 1934.

Southwestern Issues Offered By Dillon, Read

An extensive financing program for Southwestern Public Service Co. was carried out with the offering Sept. 15 of $20,000,000 of the company's first mortgage and collateral trust bonds, 4% series due 1972, $6,000,000 of 2½ and 3% serial notes due 1943-1954, 60,000 shares of 6½% cumulative preferred stock and 185,000 shares of common stock.

Dillon, Read & Co. headed a nationwide underwriting group offering the securities to the public. Offering of the common shares, however, is subject to prior subscription by the common stockholders of Community Power and Light Co. and General Public Utilities, Inc., which are to be merged into Southwestern Public Service Co.

The aggregate public offering price of all the securities involved in the transaction amounts to $34,434,702. The bonds are priced at 107½, the serial notes at an average of 100.1617% and the preferred stock at $100 per share, in each case plus accrued interest or dividends; the common stock is being offered at a price of $5 per share.

The financing is designed to consummate a plan of integration and simplification whereby Southwestern Public Service Co. will acquire the assets of Community Power and Light Co. and General Public Utilities, Inc., including properties of Texas-New Mexico Utilities Co. and Gulf Public Service Co. The company will also acquire from Continental Gas & Electric Corp. the properties of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.

For the benefit of the first mortgage bonds being offered, the company has agreed to provide an improvement fund commencing in 1948, and a maintenance fund beginning in 1943. Through operation of the improvement fund bonds may be purchased or redeemed at prices ranging from 106.60 to 100.40. Otherwise the bonds are subject to redemption at prices ranging from 111 to 100.50.

The preferred stock is redeemable at any time at a price of $110 per share.

Net proceeds from the sale of the securities will be applied to the redemption or payment of outstanding obligations of Southwestern, Community and General and, among other things, to the retirement of certain subsidiary obligations and to the purchase of securities of the Panhandle, Cimmaron and Guymon companies under the integration plan.

Associated with Dillon, Read & Co in the offering are: E. H. Rollins & Sons, Inc.; A. C. Allyn and Co., Inc.; Auchincloss, Parker & Redpath; Bacon, Whipple & Co.; Baker, Weeks & Harden; Bear, Stearns & Co.; A. G. Becker & Co., Inc.; Blyth & Co., Inc.; Bodell Co., Inc.; Boettcher and Co.

Alex. Brown & Sons; Brush, Slocumb & Co.; H. M. Byllesby and Co., Inc.; Central Republic Co. (Incorp.); Davis, Skaggs & Co.; Doolittle, Roth & Schoellkopf; Eastman, Dillon & Co.; Estabrook & Co.; Goldman, Sachs & Co.; Graham, Parsons & Co.; Granbery, Marache & Lord; Hallgarten & Co.

Harriman Ripley & Co., Inc.; Harris, Hall & Co. (Incorp.); Hayden, Miller and Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Johnston, Lemon & Co.; Kay, Richards & Co.; Kebbon, McCormick & Co.; Kidder, Peabody & Co.; W. C. Langley & Co.; Lee Higginson Corp.; Loewi & Co.; Laurence M. Marks & Co.; Mason-Hagan, Inc.

The Milwaukee Co.; Newhard, Cook & Co.; Newton, Abbe & Co.; Paine, Webber, Jackson & Curtis; Putnam & Co.; Rauscher, Pierce & Co., Inc.; Riter & Co.; L. F. Rothschild & Co.; Schwabacher & Co.; Chas. W. Scranton & Co.; Shields & Co.; Shuman, Agnew & Co.; I. M. Simon & Co.

Smith, Barney & Co.; Stein Bros. & Boyce; Stix & Co.; Stone & Webster and Blodget, Inc.; Stroud & Co., Inc.; Spencer Trask & Co.; Tucker, Anthony & Co.; Union Securities Corp.; Whitaker & Co.; White, Weld & Co.; Williams, Parmele & Co., Inc.; the Wisconsin Co. and Harold E. Wood & Co.

Real Estate Bond Price Averages Show Advance

The average price of the 200 real estate issues used in Amott, Baker & Co.'s study of the real estate bond price averages, showed its sharpest advance in six months. "The increase for the month," the study states, "was 1.6% which compared with a gain of 0.7% during July. The best previous gain over the past six months was 0.9% registered during April. Aug. 31, the average price per $1,000 bond stood at $314 as compared to $309 on July 31 and $302 at the close of 1941. The year-to-date gain for the averages was 3.9%.

"During August a total of 88 issues increased in price, 84 remained unchanged and only 26 declined. During no month this year did so few issues decline in price. The best previous showing was in January when 29 issues showed a decrease. During July 44 issues declined.

"Of equal significance is the fact that all classifications showed improvement during August. Only during January had such an overall improvement previously taken place this year.

"By cities results for the month showed increases of 1.8% in New York issues, 1.3% in Philadelphia issues, 2.6% in Pittsburgh issues, 0.4% in Boston issues and 0.9% for a group of miscellaneous issues.

"Year-to-date results by cities show the following advances: Boston issues 3.4%, Philadelphia issues 11.5%, New York issues 1.8%, Pittsburgh issues 8% and a group of miscellaneous issues 3.2%.

"In the classification by type of building hotel issues are 8.4% above their 1941 close and have an average price of $349 compared to $322 on Dec. 31, 1941. Office buildings are 5.4% ahead for the year, theatre issues have increased 5.9%, a group of miscellaneous issues have advanced 4.3%, apartment issues show a 2.2% increase. Although apartment hotels gained 1.2% in the August period they are still off 6.8% for the year."

Copies of report may be had upon request from Amott, Baker & Co., Inc., 150 Broadway, New York City.

H. M. May Dies Suddenly

Herbert M. May, head of Herbert M. May & Co., 11 Broadway, New York City, died at his home of a heart attack at the age of 51. Mr. May was a graduate of Harvard University. He was a pioneer and founder of the New York Security Dealers Association and was an active member of the Security Traders Association.

Investment Trusts

THIS AND THAT

To those who become obsessed with the gloomy aspects of this fourth year of war, the spirit of leading investment company sponsors will prove a welcome antidote.

Lend an ear, for example, to the recent remarks of George Putnam, Chairman of the Trustees of the George Putnam Fund of Boston, delivered at a special meeting of the beneficiaries of the Fund. Said Mr. Putnam:

"Personally I am more hopeful about the future than many people. I believe that private business can and must survive and prosper in this country. I am not opposed to regulation by the Government and to laws which keep business from abusing its powers. But I am opposed to that deadly and inefficient red tape type of bureaucracy that stifles individual initiative and substitutes a false security for opportunity. I may be old-fashioned but I still believe that there can be no security without progress and no progress without opportunity and initiative

"When you come to the investing problem during these times I know of no better advice than to tell you to diversify your investments and to keep a flexible and open mind."

In common with a goodly number of other investment company managers and sponsors, Mr. Putnam has reason to be hopeful. The Fund which bears his name now has outstanding the largest number of shares in its history, an increase of 28% over a year ago. The number of individuals and institutions owning shares of the Fund as of Sept. 1, 1942 totaled 2,450 as compared with 1,950 twelve months before.

* * * *

National Securities & Research Corporation's Sept. 10 issue of "Investment Timing" is devoted to a thorough and scholarly analysis of the "Economic and Market Aspects of the President's Message." From the conclusions presented we quote the following:

"The President finally took the bull by the horns, and dealt with both the weak spots in previous 'anti-inflation' programs. One way or another, appreciably better stabilization of farm prices and of wages should be attained, preventing the unfavorable and disrupting effects of runaway costs on the expense of the war and on the domestic economy generally, now and after the war. Within the limited area left by taxes, corporate earnings should be helped rather than hindered; and this should eventually be recognized as a favorable market factor."

Portfolio changes in August for National Income Series and First Mutual Trust Fund were reported as follows: Additions to National Income Series—Erie RR. "A" 5% Pfd. and Gulf Mobile & Ohio $5 Pfd. Additions to First Mutual Trust Fund—Bethlehem Steel, Eaton Mfg., Lockheed, Sperry, United Aircraft, Pullman, Southern Pacific, Southern Railway, Swift International and American Woolen 7% Pfd.

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"Let's Look at the Record," suggests Hare's, Ltd. in a new folder on insurance stocks. Time-tested stocks in this category, "in addition to their outstanding dividend record, have consistently provided greater growth of capital than have the stocks of leading industrial companies and the best of bonds."

For proof of this statement the folder presents five comparisons covering periods ranging from 5 to 25 years between 1917 and 1942. In each period the gain from insurance stocks was greater, being 14.8% greater in the lowest instance and 143.6% greater in the most favorable case.

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"Changes Ahead" warns the current issue of Calvin Bullock's (Continued on page 976)

Municipal News & Notes

Though many authorities on government advocate a decrease in units of local government for sake of efficiency and economy, only a few reductions of importance were made during the last 10 years, and there still are 165,000 individual units in the United States in addition to the states and the Federal Government.

This is the finding of a survey, published by Public Administration Service last week, showing a reduction of only 10,369 units of government between 1931, when the total was 175,418, and 1941. Both the 1931 and 1941 surveys were made by William Anderson, professor of political science, University of Minnesota.

During the 10-year period school districts decreased 6.9%; towns and townships 6.2%; special districts other than schools 2.3%; incorporated places, 0.6%; counties, 0.1%. Some of the difference is due to elimination of errors in the first count, Mr. Anderson said.

Economic depression, drouth and population declines helped account for the reduction in governmental units, defined as "a resident population occupying a defined area that has a legally authorized organization and governing body, a separate legal identity, the power to provide certain public . . . services and a substantial degree of automony including . . . power to raise at least a part of its own revenue."

School districts were reduced mainly through consolidation; many special districts ceased to function because their work—to finance a ditch or a road—was finished and the debt paid. Among deliberate actions by legislatures was elimination of townships in Oklahoma and poor districts in Pennsylvania.

Counties decreased by only three—two in Georgia and one in Louisiana. The Georgia reduction resulted from actual consolidations, while Louisiana's decrease resulted from absorption of the New Orleans parish government into the city government.

Some increases were brought about in special districts, through creation of public housing authorities and soil conservation districts.

Despite a large decline since 1931, school districts account for 71.7% of all local governmental units, the survey showed. Towns and townships make up 11.5%; incorporated places 9.8%; special districts other than school, 5%; counties, 1.8%. For the country as a whole there is one unit of government for every 800 people and every 18 square miles of land area.

Illinois tops the nation with 15,629 local governmental units. Next are Kansas, 11,206; Missouri, 10,992; Minnesota, 10,400; Wisconsin, 9,514. Ten states have more than 7,000 units; only 13 have fewer than 500 units each.

Hearings Postponed On SEC Disclosure Rule

The SEC disclosure rule, which would necessitate disclosure by a dealer of the bid and asked prices of municipal bonds as well as other over-the-counter securities to buyers before a trade could be consummated, was the main topic of conversation among the municipal fraternity last week. Hearings on this rule had been expected to get under way on Tuesday, but they were postponed to Oct. 15, because of the virile opposition manifested from all sides against hasty action on a matter of grave importance to the trade.

Legal aspects of the SEC proposal were questioned recently by Thomson, Wood & Hoffman, New York municipal bond attorneys, as previously noted in these columns. Another New York municipal bond firm, Caldwell, Marshall, Trimble & Mitchell, has also questioned both the legality and necessity of the regulation, contending there is no need for regulations of transactions in securities issued by sovereign states or their political subdivisions which are "well known to all investors or concerning which ample information can be readily obtained."

In the opinion of attorneys the proposed rule would create confusion in transactions in state and municipal securities. It was further contended that the proposed rule would be an encroachment upon the power of states and their political subdivisions to finance their essential government functions.

In granting the additional time, which had been requested by spokesmen for the over-the-counter industry, the SEC said it was hoped the delay would be fruitful in developing constructive suggestions for the proposed rule.

In the alternative, the commission stated, the industry may suggest some substitute, yet effective rule which "would protect investors who are frequently charged prices for securities which bear no reasonable relation to the existing market."

The municipal bond market is almost entirely unlisted, a fact which makes for irregularity of quotations as between sections of the country. The proposed SEC disclosure rule would require dealers, before executing an order, to give the customer the ruling bid and asked quotation. It is pointed out in objection to this proposal that there are hundreds of municipal issues which rarely figure in a trade and an attempt to find a consensus bid or offered qootation would frequently require effort and expense not warranted by the prospective dealer profit.

Toll Revenue Dip Found General

Comparison of revenues received by eight different bridge and road authorities, based on latest available figures, shows a general falling off in tolls due to rationing, it was revealed recently.

Declines for the heavy traffic summer months ranged from 20 to 61%, with the declines varying according to the amount of luxury traffic involved. The smallest decline was shown by the Delaware River Bridge, crossing from New Jersey to Pennsylvania, which reported a loss of 20.2% in July tolls. Largest decrease was shown by the Thousand Islands Bridge Authority with a falling off of 61% in July.

Traffic other than passenger cars on the Pennsylvania Turnpike increased 26% in July, while units of the Port of New York Authority showed only small declines in truck revenues. The Holland Tunnel in July had 13.6% less tolls from trucks than a year ago and the George Washington Bridge 11% less.

Some students of revenue bonds believe that a greater part of the decline in revenues due to the war has now been experienced with truck, bus and defense tolls holding up well. Some further falling off in luxury traffic may be experienced, however, in the event of more stringent gasoline rationing, while general traffic could be affected by a long war.

Bonds of these authorities are tax exempt and have had sizable declines so far this year. To date, one has been forced to omit interest. This was the Thousand Islands Bridge Authority, which has been the hardest hit by rationing. Some tax-loss selling in revenue bonds may develop during the closing months of the year.

State Highway Bond Retirement Foreseen

Despite the reduction in revenues resulting from the decline in gasoline consumption and other wartime restrictions in motor travel, the savings effected by the sharp curtailment of highway construction should enable many of the States having highway bonds outstanding to accumulate funds to pay off this indebtedness, editorializes the New York "Times," in its issue of last Tuesday.

While a substantial part of the gasoline tax revenues has been used for highway bond service on the $1,803,979,000 of such indebtedness outstanding on Jan. 1, last, by far the greater part has been expended on new highway construction. Some of the States already are taking advantage of the curtailed highway construction to strengthen the financial status of their bonds.

Of the forty-one States having highway bonds outstanding on Jan. 1, last, it is understood eight have adopted a policy of reducing this indebtedness now and there are indications others will adopt a similar program.

State Sales Taxes Ruled Deductible from Federal Tax

The Senate Finance Committee meeting in executive session last Saturday adopted the proposal of Senator Brown (Dem., Mich.), which would permit individuals to deduct from income, the amount of sales taxes paid to States or local government units.

The proposal of Senator Brown is designed to place the sales taxes of all States on an equal basis as far as deductions for income tax purposes are concerned. Under present law, residents of about nine States are permitted to deduct State and local sales tax payments from income for the purposes of computing Federal income taxes. However, in other States, sales tax laws are so drafted that individuals are not permitted to reduce their income tax payments through deduction of the amount paid in State sales taxes.

In broad general terms, sales tax payments are deductible from Federal income tax payments only when State law requires that they be assessed against and collected from the individual. However, if the State law requires that the merchant pay the tax on the amount of his gross sales and then in turn collect the tax from individual purchasers, such a sales tax is not deductible from income for Federal income tax purposes.

Eight States Halve 80-Billion War Contracts

A War Production Board tabulation showed recently that eight states got more than half the $80,338,688,000 poured into major war supply and plant contracts from the start of the defense program up to the end of June.

The biggest share went to Michigan, where the motor industry's conversion to armament production contributed to a state total of $7,417,140,000. New York was second with $6,980,332,000, and California close behind with $6,944,119,000.

The other five states which obtained major pieces of the grand total were: Ohio, $5,321,506,000; Pennsylvania, $4,629,240,000; New Jersey, $4,407,079,000; Connecticut, $3,252,734,000; and Illinois, $3,243,123,000.

The tabulation, however, was not representative of the total government commitments for war purposes, since it excluded various items which would have brought the national total to a figure about $50,000,000,000 higher. Contract awards of less than $50,000 and all awards for foodstuffs were excluded.

Cities Warned On Fund Hedging

"State and local governments should not attempt to create surpluses and reserve funds at the present time as a hedge against a post-war depression," Dr. Thomas H. Reed, municipal consultant of New York City, told delegates to the annual conference of the Governmental Research Association at Princeton, N. J., last week.

"Such action would be in direct competition with the Federal Government, which should have first call on the nation's tax resources," he declared.

A dark future for municipal governments was foreseen by Dr. Reed, in contrast to the forecast for increasing revenues made at the previous day's session by Dr. Mabel L. Walker, director of the tax institute of the University of Pennsylvania.

Other speakers at the conference supported Dr. Reed's statement, pointing to lower property taxes because of the rent ceilings, anticipated increases in fire losses and vanishing revenues from gasoline and motor vehicle levies.

Nassau County Adds To Refunding Plan

Nassau County has adopted a supplement to its refunding plan authorizing the acceptance of certain additional bonds maturing in 1946 and 1947 in the principal amount of $1,200,000 as eligible for exchange for new refunding bonds, according to Lehman Brothers and the Chase National Bank, refunding agents for the county. It was stated that the supplement to the plan has been approved by the State Controller.

The aggregate principal amount of refunding bonds to be issued remains unchanged at $5,660,000 as originally authorized. Of the outstanding bonds authorized to be refunded, 78% have been exchanged since the adoption of the plan on July 27. The refunding bonds remaining to be issued in exchange mature from 1954 to 1957 inclusive and they will bear interest at the same rate borne by the outstanding bonds until their maturity date and thereafter either at 2.90 or 3%, according to the maturity of the outstanding bonds.

Baltimore Bond Election

At the general election on Nov. 3, the voters of Baltimore, Md., will pass on the proposed issuance of $32,000,000 water supply bonds.

Philadelphia Reduces Debt

Almost $75,000,000 has been lopped off the gross bonded indebtedness of the City of Philadelphia in the last eight years, according to the Philadelphia Bureau of Municipal Research. The present figure is $488,365,600, compared with $506,660,000 at the start of 1942. At the beginning of 1941, the gross bonded debt total stood at $517,469,000, and in June of 1934, it was $571,145,300.

Alberta Again Defaults

The Alberta Government defaulted Tuesday on a maturity of $2,948,000 5% bonds, payable in Canada and New York. As in the case of previous defaulted debentures, the Province will continue to offer halved interest rates. This latest omission brought to $25,756,430 the total of provincial bonds defaulted since April 1, 1936. Total bonded indebtedness of the Province is $127,953,000.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.

September 17 (Today)

$444,000 Onondaga Co., N. Y.
Although slightly under the required amount this offering is included here because of general reader interest. In January of this year the county awarded bonds to the Harris Trust & Savings Bank of Chicago. Numerous other bids were received, the second best being submitted by Halsey, Stuart & Co., Inc.

September 18

$3,000,000 Buffalo, N. Y.
City awarded bonds in May, 1941, to a syndicate headed by Smith, Barney & Co. of New York. The National City Bank of New York, and associates, entered the runner-up bid.

$1,140,000 Cuyahoga Co., Ohio
Last July 17, the county awarded an issue to a syndicate headed by the Ohio Co. of Columbus, whose bid topped that submitted by Blyth & Co., Inc., and associates.

September 22

$500,000 Honolulu, Hawaii
In June, 1941, the above city and county awarded an issue to Dean Witter & Co. of San Francisco. The only other bid for the bonds was submitted by the Bank of Hawaii, Honolulu.

September 23

$8,286,000 Boston Metro. Dist. Mass.
This district awarded bonds last October to a syndicate headed by the Union Securities Corp. of New York, whose bid topped that entered by the First Boston Corporation, and associates.

October 1

$705,000 Muskingum Watershed Conserv. Dist., Ohio
This district sold an issue in Sept., 1940, to Merrill, Turben & Co., and McDonald, Coolidge & Co., both of Cincinnati, jointly. Stranahan, Harris & Co., Inc., and associates, came out second best.

Investment Trusts

(Continued from page 975)

"Bulletin." Quoting Dr. Stine of E. I. du Pont, it is pointed out that "The war is compressing into the space of months developments which might have taken half a century to realize if necessity had not forced the pace." A partial list of amazing new processes and new products is given.

"It is obvious that all this may result in drastic changes in the make-up of our economic pattern and will materially alter the production outlook and earnings prospects of many corporations. The trend is now well underway. It bears constant watching by those who can evaluate the probable effects of such changes upon the securities of the corporations involved. . . . In short, here is another problem of the day which a well-managed investment company can help solve for the investor."

* * *

An important effect of proposed taxes on corporate earnings not yet too widely recognized is discussed in the current issue of Massachusetts Distributors' "Brevits." The bulletin concludes:

"What all this boils down to from the standpoint of common stock ownership is well expressed in the following words of a well-known financial commentator:

"'Adoption of the Senate Fi-

nance Committee recommendations would virtually solidify the current dividend rates of the overwhelming majority of major American industrials. That would mean that the dividend yields of 7% to 12% scattered all over the stock list were being clinched at a time when highest-grade bonds were still yielding less than 2¾%. The disparity between stock and bond yields has never been so pronounced in a period of active business.'"

* * *

Another hopeful note is sounded by the Keystone Corp.'s latest issue of "Keynotes." After listing Axis conquests and earlier Allied defeats, the bulletin states: "By contrast with the dark days . . . the present justifies confidence. . . . The stock market, long an accurate barometer, appears to have passed its low and to be immune to bad news." It continues:

"In the last war—although earnings *declined* from the time we entered the war—stock prices *rose* steadily from the end of 1917, as the weight of superior production and inexhaustible supplies made itself felt. Well below the bottom of its normal buying range, the market, as recorded by the Dow-Jones Industrials, shows a yield of 6.75%. Precedent, price and prospects make common stocks appear attractive."

* * *

Lord, Abbett has just published a new folder on Union Bond Fund "C" entitled "All-Out War Production Makes Bonds Attractive." . . . The latest issue of "The Union Dealer" makes easy reading. "A Parable of the Market Place" is the caption and the point it drives home is a timely one today.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Hugh D. Auchincloss and C. Russell MacGregor, general partners in Auchincloss, Parker & Redpath, Washington, D. C., became limited partners, effective June 1.

William G. Baker, Jr., general partner in Baker, Watts & Co., Baltimore, Md., will become a limited partner, effective Oct. 1.

Arthur D. Weekes retired from partnership in Chauncey & Co., New York City, as of July 31.

Lewis W. Feick withdrew from partnership in Riter & Co., New York City, as of Aug. 31.

Lester Talbot, member of the New York Stock Exchange, withdrew from partnership in Arthur Wiesenberger & Co., New York City. The firm continues as an Exchange member.

Hyman & Co., New York City, was dissolved as of Sept. 8.

William J. Baroni, member of the New York Stock Exchange, died on Sept. 8.

SEC Applications For Broker-Dealer Registry

The following applications for registration as brokers and dealers were made with the Securities and Exchange Commission on the dates indicated:

Aug. 3, 1942—Whiting Investment Company, 910 Trinity Building, Fort Worth, Tex., Sam Edmund Whiting, sole proprietor.

Aug. 7, 1942—Theodore Goldman, 110 West 43d Street, New York, N. Y., a sole proprietorship; William J. Johnston, 26 Broadway, New York, N. Y., a sole proprietorship.

Aug. 8, 1942—J. L. Baker, R. F. D. No. 1, Box 412, Jacksonville, Fla., a sole proprietorship; Hamilton & Sherman, 530 West 6th Street, Los Angeles, Calif., Harold Raymond Hamilton and Thomas Hall Sherman, partners; Peninsular State Company, 412 West Genesee Avenue, Saginaw, Mich., Joseph D. Frost, formerly President, now sole proprietor; Southeastern Securities Corporation, 1105 Graham Building, Jacksonville, Fla., Donald Buchanan Brayshaw, John William Muskoff, and Margaret Daly Snyder, officers.

Aug. 10, 1942—Ross, Browne & Fleming, 919 North Michigan Avenue, Chicago, Ill., Walter S. Ross, Aldis Jerome Browne, James Robert Sterling, and Michael Cantacuzene, partners, Thomas F. Fleming having withdrawn; William H. Saul, 1818 East 29th Street, Brooklyn, N. Y., a sole proprietorship.

Aug. 12, 1942—Charles James Curlette, 1325 Boardwalk, Atlantic City, N. J., a sole proprietorship.

Aug. 15, 1942—C. S. Brown & Co., 1180 East 63d Street, Chicago, Ill., Carman S. Brown, formerly proprietor, and Thomas J. Cullerton, partners; R. V. Klein Co., 6 Keewayden Road, Lawrence, L. I., N. Y., Rudolph V. Klein, sole proprietor.

Amos With Bioren 50 Yrs.

Harry M. Amos, Cashier of Bioren & Co., 1508 Walnut St., Philadelphia, is celebrating his 50th anniversary as an employee of that firm.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 14 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Sept. 16 and to mature Dec. 16, which were offered on Sept. 11, were opened on Sept. 14 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for ______ $882,351,000
Total accepted ______ 402,059,000
Range of accepted bids (excepting one tender of $25,000):
High—99.925 equivalent rate approximately 0.297%.
Low—99.906 equivalent rate approximately 0.372%.
Average price—99.907 equivalent rate approximately 0.369%.

(Approximately 82% of the amount bid for at the low price was accepted.)

The Treasury increased the offering of bills to $400,000,000 from the $350,000,000 level of recent weeks in view of the fact that two similar issues of bills—one for $300,993,000 and the other for $301,249,000—matured on Sept. 16 and 17. For the past several weeks the Treasury has been receiving about $100,000,000 in "new money" from the bill offerings since maturities approximated $250,000,000. However, this week, when the third quarter income tax installments came due, the net result is a reduction of $200,000,000 in outstanding bills. If the Treasury continues to offer $400,000,000 of bills for the next five weeks it will realize $100,000,000 weekly in "new money" since the amount of similar bills coming due is $300,000,000.

N. Y. Curb Seat Sales

Since the constitution of the New York Curb Exchange was amended a little less than two months ago providing for disposal by the trustee of memberships transferred to him, four such sales have occurred, it is disclosed. Also during this period six associate members exercised the privilege extended to them of buying regular memberships without paying an initiation or transfer fee if at the time of their election they paid a fee equal to or greater than the present $1,000 regular membership initiation fee. An associate member who paid a fee of less than $1,000 may convert to regular membership by paying the difference between the amount of his initiation fee and the present regular membership fee of $1,000. Present market is $500 bid, offered at $800.

NYSE Borrowings Lower

The New York Stock Exchange announced on Sept. 2 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Aug. 31 was $325,764,816, a decrease of $19,868,609 from the revised July 31 total of $345,633,425.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Aug. 31, 1942, aggregated $325,764,816.

The total of money borrowed, compiled on the same basis, as of the close of business July 31, 1942, was $345,633,425 (revised).

NYSE Useful Part Of Economic System

(Continued from first page)

gency. The demands of a Nation at war have imposed tremendous responsibilities. That these responsibilities have been brilliantly discharged is questioned nowhere. The country accepts this fact with a new appreciation of what our great industrial machine represents.

"This new attitude toward our industrial system is well illustrated by a bit of self-analysis recently indulged in by one important industry. The point is made that the formula relied upon to save democracy stems from the very elements recently suspect:

"Do you recall the charge that mechanization of industry has gone too far?

"Do you recall the charge that mass production as developed by industry in this country was a dehumanizing influence not in the public interest?

"Do you recall the charge that industry was spending too much of the stockholders' money on scientific research?

"Do you recall the charge that bigness in industry was destroying the democratic way of life so much cherished in this country?

"Where would the world have been in this war to make individuals free if it had not been for these 'suspect' ingredients of American industry?

"All of us have watched, with some astonishment, no doubt, the disappearance of many apprehensions and suspicions which were widely entertained not so long ago. This is one of the most gratifying results of our productive effort. I venture the prediction that when this war has ended, the demagogue will have lost a large part of his stock in trade. I can also see the more adroit enemies of our economic system being deprived of much of their ammunition.

"I was very much impressed by a recent statement by Dr. Charles M. A. Stine, an executive of the du Pont Company, who was discussing some effects of this war upon our economy. He pointed out, with no thought, of course, of 'indorsing war as a justifiable means of progress,' that 'the war is compressing into the space of months developments which might have taken us half a century to realize if necessity had not forced the pace. Give us a victorious peace and the freedom of enterprise it should guarantee,' he said, 'and our progress will be unprecedented. . . . Let our swords be mighty and mighty indeed will be our plow-shares.'

"Dr. Stine went on to say that when the war is won, 'we will have at our command ten to a hundred times what we had before in new materials. . . . These materials are not mere predictions, but are actually on the way. . . . Our aviation industry is establishing facilities for the manufacture in one year of almost double the number of planes it produced during the 37 years of its history beginning with the Wright brothers at Kitty Hawk and culminating in the defense program. . . . As measured by the whole pace of development, we are now in the 1960s of motor cars. . . . Aluminum production will be seven times greater by the end of next year than it was in 1939 after 50 years of development, and it will furnish in one year enough metal to build three times the number of passenger cars now operating on all American railroads.'

"Dr. Stine gave credit to our American chemists and our American industrial system for this progress. To quote him further, 'Today we produce to destroy, but tomorrow we will produce to build, and we will continue to invent and thus to multiply our possessions. That prospect is as certain as tomorrow's dawn.'

"It seems appropriate here, and certainly no less than fair, to allude briefly to that large segment of our population without which the development of our business and industrial enterprises would have been impossible. I have in mind the many millions of people who supplied capital to these enterprises. They are, for the most part, men and women of moderate means. They are our thriftiest citizens — the real owners of American industry. Out of their earnings they have made investments for their own security and for that of their families.

"Their sacrifice, I dare say, has been the greatest of any of us who have remained on the home front. They have proudly seen their properties transformed for war purposes, but have been left in uncertainty as to what the future may hold for them. They have uncomplainingly seen the earnings of their properties reduced by war taxation, and they are, as this process continues, being deprived of part or all of the dividends which, to many of them, represent a sole means of support.

"These security holders of our industrial companies ask for no special consideration, but they have a right to expect equality of treatment. Contrary to the impression which many people have, they are not sharing in the war prosperity. As owners of American industry, their paramount interest is in seeing the war prosecuted with all of the vigor, efficiency and intelligence which we can command.

"Along with other Americans, they are impatient over the evidence which they see of confusion, inefficiency, timidity, irresolution, and lack of co-ordination. They have no illusions as to the cost of the war or as to the power and endurance of our enemies. They have, at the same time, great confidence in America, in the courage, resourcefulness and indomitable spirit of its people. They do not believe that these qualities are being used as effectively as they should. They see apathy, inertia and incompetence retarding the war effort. They insist that the level of performance elsewhere be raised to the standard set by our armed forces and by those who are on the firing line of the industrial front.

"Let me say, in conclusion, that these millions of small security owners of whom I speak are also entitled—but no more so than the rest of the people—to a prompt and clear definition of tax policy. There is no reluctance on our part to meet the tax bill, no matter how large. They are naturally disturbed, however, over the fact that, after months of delay, they still have no definite picture of what their tax obligations are. And they face the prospect of still further uncertainty in view of the fact that the tax schedules which are now being prepared will soon have to be rewritten.

"If there is any consolation to be drawn from this confusion over tax policy, from tedious delays, from divided counsel, it is that the need of a better method of determining our tax policies has been pointed up, very sharply. This need, I believe, is fully recognized by Congress, no less so than by the taxpayers themselves. I will not presume to suggest what steps should be taken, but it is imperative that we promptly bring to bear on this problem our best statesmanship, our most expert knowledge and our wisest judgment."

R. M. Boardman Dead

Richard M. Boardman died at the Roosevelt Hospital after a short illness. Mr. Boardman was manager of the research and investment advisory departments of the investment firm of Kean, Taylor & Co., 14 Wall St., New York City.

Adopt "Victory Tax"—Cut Corporation Rates

(Continued from first page)

Corporations

1. Present graduated excess profits tax of 35 to 60% replaced by flat 90% tax, retaining present specific exemption of $5,000 in profits not subject to excess tax. Average earnings base revised by insertion of relief provision. Invested capital base reduced for larger corporations.

2. Normal and surtaxes on larger corporations increased from present combined total of 31% to 40%.

3. Post-war rebate and debt deduction credit of 10% of the total amount of excess profits taxes.

4. Capital stock and declared-value excess profits taxes eliminated.

5. Over-all limitation of 80% of net income placed on corporation taxation.

6. All corporations placed on calendar year basis for taxation, with notch provision applicable to 1942.

Miscellaneous

Excise taxes increased on liquor, beer, wines, cigarettes, cigars, lubricating oil, photographic apparatus, train, bus and plane fares.

Interest from future issues of State and municipal bonds made taxable.

Proxy Rules Would Burden War Effort

The Securities and Exchange Commission was urged by the New York Board of Trade on Sept. 15 not to adopt the proposed changes in the proxy rules at the present time.

In a letter to the Commission, Percy C. Magnus, President of the Board of Trade, stated that the adoption of these rules would impede the war effort by placing additional burdens upon American business.

His letter follows in part:

"We view with anxiety the proposed changes in proxy rules for two main reasons. First, we believe that the proposed rules are too stringent and are unnecessary to protect fully the stockholders' interests. Secondly, and most emphatically, we wish to urge that in the war emergency it is no time to needlessly experiment further with the nation's delicate economic structure.

"Ample law already exists on the statute books, and in the rulings of the Commission to protect the holders of securities against abuses. We find no fault at this time with the Securities Exchange Act of 1934, nor with the underlying theory of government policing of the securities markets. But, these proposed rulings threaten the strength of our economic structure by weakening honest management. We believe honesty characterizes overwhelming majority, of American business, in carrying out responsibilities.

"These rules, if rigidly applied (and our concept of law is that there can be no laxity in enforcement) would make it extremely difficult to conduct business lawfully. The provisions especially requiring a specific vote of 'Yes' in place of the current practice of conferring discretionary powers upon management, would lead to endless confusion in the minds of the investors. We venture the prediction that thousands of investors will fail to make the specific answers, thus imposing an unnecessary legal complication upon corporations to hold regularly scheduled and properly called stockholders' meeting.

"We believe further that the insistence upon statements from stockholders in the Proxy Form would lead to confusion, and would present grave dangers to efficient and honest administration. It would open the door to competitors and other unfriendly persons to confuse issues and destroy confidence, which is now guarded for the protection of the stockholders themselves. This with the other voluminous data proposed, to be sent in the proxy form, would impose undue hardships and needless expense."

The Commission's summary of proposed proxy rule revisions appeared in our issue of Sept. 10, page 893.

Nationwide Survey Reveals Public Believes Insurance Cos. Contribute To National Welfare

What does the public think of insurance companies generally?

What influences a prospective client most in the choice of a company?

Does the public think that insurance companies meet all just claims promptly and satisfactorily?

An answer to these and other interesting questions was given by Malcolm Russell, a member of the advertising and publicity department of the Aetna Life Affiliated Companies, in an address delivered at the annual meeting of the Insurance Advertising Conference at the Hotel Roosevelt in New York City.

Reporting on the results of a Nation-wide survey undertaken for the Aetna by Paul W. Stewart and Associates, Mr. Russell said that a total of 4,556 interviews were completed in all sections of the country among men and women with an annual income of more than $1,000. Great care was taken to get an accurate sampling and, since the Aetna Life Affiliated Companies write practically all lines of insurance, this survey embraced the whole insurance field.

Among all those questioned, 85% reported that they thought insurance companies had contributed to the public welfare; almost 10% expressed no opinion. Among the ways in which insurance companies were held to have contributed to the welfare of individual citizens were: (1) insurance teaches thrift; (2) insurance provides security, protection and safety; (3) it secures the well-being of beneficiaries; and (4) it is a protection in times of emergency and distress.

Of all those interviewed 92.7% of the men carried insurance. Less than ½ of 1% said they didn't believe in insurance. The median policyholder had four policies which he purchased through two agents. Of those carrying insurance, 92% had life insurance, 60% had some form of automobile insurance, 52% had fire insurance and 22.7% had accident or health insurance. Only 2.6% carried residence liability; 2.6% carried burglary insurance, and 2.1% carried jewelry or fur floaters.

The survey disclosed that few people have any difficulty in remembering the name of the company which issued their life insurance. On the other hand, a majority of people could not remember the name of the company which issued their jewelry and fur floaters, residence liability, fire or burglary insurance. Similarly, owners of 41% of all policies held in the surveyed group could not tell whether or not they were insured in a stock or a mutual company.

The importance of the local agent as a factor in determining the insurance carrier was evidenced by the survey. More than 43% of all policies purchased were placed with a particular company due to the agent's influence.

The survey also disclosed that practically no women realized how much life insurance their husbands should carry in order to give them an adequate income in the event of his death.

On the question of claims, the survey brought to light that 40% of all policyholders had made claims under one or more of their policies, automobile, accident and health, and fire being the three leaders. And of those making claims, 72.5% reported that their treatment was "highly satisfactory;" 18.5% said the results were "OK," and only 9% were dissatisfied with claim settlements.

"The average John Q. Insurance Buyer," Mr. Russell concluded, "makes about $2,000 a year, and has four policies—two on his life, a fire policy on his house and an automobile policy on his car. Paying those premiums out of his small income is a real sacrifice, but he believes that it is a worthwhile one. In our advertising we must keep telling him what we all know so well—how necessary, how invaluable and how dependable insurance is."

Royalty Ass'n Gives Rules For Investors

At a meeting of the members of the Eastern Oil Royalty Dealers Association, Inc., held on Sept. 14, Thos. G. Wylie, President, stated that so-called free lance salesmen who are neither registered with the Securities & Exchange Commission nor qualified to do business under the laws of the State of New York still constitute a menace to the royalty investors of America, notwithstanding the efforts of the Securities & Exchange Commission and the Attorney Generals of this and adjoining States to eliminate the evil, and he urged that all members endeavor to secure a greater degree of cooperation from the investing public by the observance of the following rules:

Don't do business with anyone operating from a hotel room or a private apartment.

Don't do business with any broker or dealer who has not an established place of business.

Don't do business with any dealer who is not registered with the Securities & Exchange Commission.

Don't pay cash to anyone no matter how plausible may seem the reason for preferring cash to a check.

Don't give up securities without a receipt and a written agreement as to what is to be done with them.

Don't sign deeds or transfer orders covering royalty interests without a written agreement as to the purpose of such a transfer.

If there is any doubt as to a dealer's status, communicate with the Securities & Exchange Commission, Philadelphia, Pa., the Commission's regional office at 120 Broadway, New York City, or Eastern Oil Royalty Dealers Association, 347 Madison Avenue, New York.

A. E. Atkinson Suicide

Albert E. Atkinson, investment dealer of Cleveland, Ohio, committed suicide when he was scheduled to appear at a meeting of clients who had become worried over their investments. The Securities and Exchange Commission had been investigating Mr. Atkinson's business for about eight months and a representative of the Commission stated that it appeared that in many instances Mr. Atkinson would sell securities of customers to meet demands of other clients for cash, although the Commission's investigation was hampered by a seeming unwillingness of some of his clients to cooperate.

Investment Business & Free Security Exchanges Vital To American Free Enterprise, Says Burns

The securities business and free securities exchanges are a vital part of the American system of free enterprise, since they are the media through which any individual can acquire "partnership" in our vast industries, James F. Burns, Jr., retiring President of the Association of Stock Exchange Firms, declared at the meeting of the Governors of the Association in St. Paul, Minn.

"Our Association—that is our present organization—the original group having been formed in 1913—came into being in November of last year," Mr. Burns said. "Shortly thereafter, as it did to all Americans and to all business enterprises, new and unexpected responsibilities descended upon us which it was our duty to fulfill.

"As our particular field of endeavor is managed by men of experience in finance and the distribution of securities, our immediate task was to aid the United States Treasury Department to the best of our ability in the raising of the money necessary to promote the war—not only in the sale of war bonds and new Treasury issues, but also in the activities of the recently organized Victory Fund Committees. This work has and is being done, and the security firms of this country are constantly and untiringly participating in this important undertaking. While we are mindful of the fact that this contribution by the firms in our business to the war effort has been very undramatic compared to the unbelievable accomplishments of industry, it is however reassuring to us to realize that it has been an essential and necessary job.

"Appreciating that the New York Stock Exchange is a national institution, that its member firms maintain offices in some 350 cities in 44 states and that approximately 80% of the public's transactions on the Exchange originate outside New York City, Mr. Emil Schram, upon his election to the presidency of that institution, proposed the formation of our Association as a national trade organization. It was his firm belief that it could thereby not only perform a valuable and useful service in the rehabilitation of our business, but also bring about a better public understanding of the essential functions of our industry. As you have already learned, our Governors come from all over the country—so do our members. Our viewpoint is not confined to that of any particular locality—but rather is nation-wide. We are also, and I trust successfully so, the means for providing cooperative effort and mutual understanding within our own business.

"In order to promote a spirit of cooperation and recognition of each other's problems, the majority of meetings of our Association's Governors are held outside of New York. This is the fourth such meeting in the history of our business. As today here in Saint Paul, we have previously gathered in Chicago, Nashville and Philadelphia. From each meeting we have profited; we have gained an appreciation of a national viewpoint and we trust that likewise our members in those localities have benefited from the discussions which took place.

"Our particular business is one, as you all know, that does not benefit from a war economy. As a matter of fact, the opposite prevails. Today we are operating with a volume of securities transactions which is the smallest on record in the last 25 years or, in other words, since the last war.

"Yet our business and our free security exchanges are a vital part in the American system of free enterprise, for they are the media through which any individual can acquire ownership—or as I prefer to put it, partnership—in our vast industries. Therefore, it was and is incumbent upon us to see that the health and vigor of that business be maintained, not only in order to continue to serve the public in this time of stress, but also to guarantee that we will be able to perform our proper economic functions in the post-war period.

"In an editorial printed in September, 1941, 'The New York Times' stated in substance, that our Association would do well to bear in mind that the public, and quite understandably so, is not interested in the prosperity of the Stock Exchange or its members as such, but that it is interested in the prosperity of American industry. Furthermore, the 'Times' indicated that the rehabilitation of our business depended upon increasing the public confidence in the future of industry and the desire to share in that future through the investment of savings in corporate securities.

"With those statements we definitely agree, and we realized a year ago the trend which our work should take.

"Today it occurs to us that there is a necessary and important task to be performed in which all of us must participate.

"I just spoke of increasing public confidence in American industry. I do not mean confidence in industry's ability to out-produce the rest of the world in terms of manufactured war material—that is self-evident, for when war-winning implements come rolling out in undreamed of quantities, then even the most unthinking can see and realize what American industry is doing. What I do mean is the building of a confidence in that industrial system based upon a complete understanding that it grew out of our system of free enterprise—that its development, success, and present war production depended entirely upon that system—as does its future.

"I am afraid we are guilty of complacently assuming that the public understands the essential features of free enterprise. Yet how can we expect them to understand it when it means one thing to one person, something else to another and not enough of anything to many people. Rather it is our responsibility to convey in clear understandable terms that this freedom of endeavor is fundamentally the freedom of the individual to work where he pleases, to exercise his individual energy, initiative and ability toward the making of the greatest standard of living for himself and his family based upon his working hours or invested resources: That is what has made America great and that system deserves to be perpetuated.

"Every American has discovered that no country can escape the impact of world events even though they occur on the other side of the globe. Is it not our responsibility to make the public realize that this same interrelation of events exists within our own country, as well as outside of it, and that if free enterprise is sacrificed so will the individual sacrifice his freedom of action?

"And finally, is it not our responsibility to demonstrate clearly that, if our American way of life is to continue in the peace to follow, those freedoms so willingly handed over to Government for the prosecution of the war must be returned intact to the American people when victory has been achieved?

"Let us not overlook the fact that there is one decisive factor which will determine whether these freedoms are returned, whether our system of free enterprise is to be continued. It is not the limiting legislation now necessary to meet the present problems—it is solely and simply what the public thinks.

"If the public believes that the system of free enterprise is a necessary and vital part of our democracy; if there is an informed public opinion that will expect as a matter of course the return of free endeavor and free initiative, then that system will return.

"It is our responsibility to perform this task. We cannot just talk about it. We must see that these fundamental truths are expressed through the means of every media involving the spoken and written word so that it will reach every person in every city, town and hamlet. Not only should each one of us constitute himself a self-appointed verbal missionary, but also we should band together and, through honorable and constructive advertising in newspapers, magazines and radio convey to the public this story of American initiative, endeavor and industry.

"This is not an undertaking to protect or rehabilitate any particular field of endeavor for purely selfish purposes. This is an undertaking to guarantee that, in concentrating all our thoughts and efforts on winning the war, we will not forget to preserve those American ideals and freedoms which will be so vital in the winning of peace."

Life Insurance Seen As Valiant Foe Of Inflation By Patterson Of Mutual Life

Administration emphasis on the inflationary danger to our war effort of $20,000,000,000 excess purchasing power, serves to high-light the valiant and double-purpose role which life insurance is playing as a foe of inflation, Alexander E. Patterson, Executive Vice-President of the Mutual Life Insurance Company of New York, said at the Hotel Pennsylvania, New York City, on Sept. 11. He spoke before a meeting of the company's agency personnel from the entire New York metropolitan territory. In 1942, Mr. Patterson estimated, approximately $4,400,000,000 of this excess purchasing power would be absorbed by investment in life insurance. Speaking at the same meeting, J. Roger Hull, Vice-President and Manager of Agencies, predicted an upward trend in life insurance sales throughout the duration. Even the prospect of increased taxes and living costs would not limit the use of life insurance, he declared, but simply serves to point out that in a period of decreased savings life insurance represents the only possible way for the majority to provide immediately that economic security they owe their dependents.

Other Mutual Life home office executives who addressed the meeting included Julian S. Myrick, Second Vice-President; Leigh Cruess, Vice-President and Manager of Selection; Clifford B. Reeves, Assistant to the President; Andrew C. Webster, Assistant Manager of Selection; Ben H. Williams, Director of Training, and Roger Bourland, Director of Sales Promotion. The meeting was held to consider the outlook for life insurance and to discuss the company's policies and fall plans.

Speaking of the anti-inflationary role of life insurance, Mr. Patterson emphasized the point that not only does life insurance help to absorb excess purchasing power, but also that life companies are putting by far the larger share of the money they receive at the service of government, the balance being used to help industry, agriculture, and real estate to the further benefit of the war effort. In effect, he said, the institution of life insurance is now serving as trustee for a vast amount of the country's current extra dollars, holding these funds readily available for use in stabilizing the post-war economic world.

"Life insurance helps to take out of circulation those excess dollars which today are dynamite in our economic system and holds them in readiness for the days of peace when they will be a vital stimulant to the greater development of our national resources to which we all look forward," Mr. Patterson said.

"Today, however, all of us have but one job and that is to enable our government to strike hard and win this war," Mr. Patterson declared, stressing the part life insurance companies are playing in the purchase of government bonds. Government securities represent more than half of all new investments made this year by life companies and an even greater proportion of premium income, he said, predicting that by the year-end fully 25% of life company assets will have been made available to the government for use in the war effort. In the case of many individual companies, this percentage would be much higher, he said, citing the fact that the Mutual Life now had 37% of its assets invested in government securities.

Construction Continues In Record Volume

New construction projects continued in very large volume through August, according to F. W. Dodge Corporation in a report issued on Sept. 18. Total building and engineering contracts awarded last month in the 37 eastern states amounted to $721,028,000. This was the fourth largest monthly total on record, having been exceeded only in August of last year and June and July of this year. The decrease from August, 1941 was 5%; from July 1942, 24%. The report also added:

As compared with August of last year, non-residential building contracts last month increased 42% in dollar volume; residential building declined 57%; public works and utilities (heavy engineering projects) declined 12%. As compared with July of this year, privately financed residential building contracts showed in August an increase of nearly 12%, whereas publicly financed residential building decreased 38%.

Symptomatic of the nearly complete conversion of construction activity to war purposes is the cumulative contract record for the first 8 months of 1942. Contracts for public-ownership projects awarded from Jan. 1 through Aug. 31 of this year in the 37 eastern states have amounted to $4,519,428,000, an increase of 112% over the corresponding period of 1941; contracts for private-ownership projects in the first 8 months of this year amounted to $869,121,000, a decrease of 51% as compared with the first 8 months of last year.

Cotton Consumption In August Off Slightly

Under date of Sept. 15, 1942, the Census Bureau, at Washington, issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles for the month of August. In the month of August, 1942, cotton consumed amounted to 925,089 bales of lint and 122,138 bales of linters, as compared with 995,041 bales of lint and 128,123 bales of linters in July, 1942 and 872,035 bales of lint and 130,965 bales of linters in August, 1941.

For the 12 months ending July 31, cotton consumption was 11,172,328 bales of line and 1,494,073 bales of linters, against 9,721,703 bales of lint and 1,358,950 bales of linters in the same 12 months a year ago.

There were 1,949,295 bales of lint and 353,859 bales of linters on hand in consuming establishments on Aug. 31, 1942, which compares with 1,694,557 bales of lint and 449,873 bales of linters on Aug. 31, 1941.

7,546,268 bales of lint and 85,049 bales of linters were on hand in public storage and at compresses on Aug. 31, 1942, and 9,297,507 bales of lint and 61,142 bales of linters on Aug. 31, 1941.

There were 22,973,572 cotton spindles active during August, 1942, which compares with 23,042,256 active cotton spindles during August, 1941.

Treasury Changes Metals For New Five-Cent Piece

Secretary of the Treasury Morgenthau announced on Sept. 12 that the new five-cent piece authorized by Act of Congress March 27, 1942, will be composed of 35% silver, 56% copper, and 9% manganese.

Nellie Tayloe Ross, Director of the Mint, said manufacture of the new coin will start at the Philadelphia Mint next week.

The Treasury's announcement explained:

"The nickel now in circulation is composed of 25% nickel and 75% copper. The purpose of the change of alloy is to release nickel and copper metals needed to win the war. By adopting the new alloy, all of the nickel formerly used in the five-cent piece is saved and 25% of the copper.

"The appearance of the new coin will not vary greatly from that of the Jefferson nickel; the design will be the same; but it will tarnish more readily.

"The new coin will be adaptable to all types of vending machines, telephone mechanisms, parking meters and subway turnstiles.

"The alloy was developed in the mints after extensive experimentation by Mint metallurgists. Its adoption is a distinct departure from standard coinage alloys, it never having been used before by this or any other country for coinage purposes. Its use will require some new equipment in the Mints. Delay, in starting coinage has been occasioned, Mrs. Ross stated, by uncertainty of securing the necessary metals to sustain continuous coinage of the piece, and difficulty in securing the new equipment.

"Adoption of this new coin is distinctly a war measure. The act authoring its coinage provides for termination on Dec. 31, 1946."

Manpower Draft Held Needless For War Work

Secretary of Labor Perkins said on Sept. 15 that government experts in some cases had overestimated the manpower needs for new arms plants and expressed belief that Congress would not have to enable the War Manpower Commission to regulate assignment of war workers, according to Associated Press Cleveland advices, which further said:

The Secretary of Labor told a press conference that the estimate for necessary manpower at Willow Run, the Ford plane plant, was 150,000, whereas in the final analysis only 60,000 persons were needed.

On the same theme she said in an address to the United Association of Plumbers and Steamfitters:

"I disagree that it is inevitable that Congress must enact legislation which will enable the War Manpower Commission to regulate the movement and assignment of workers in war industry to cope with the situation.

"Production short cuts, constant upgrading of new workers under skilled supervision, the infiltration of increasing numbers of women in light war industry and the apprenticeship and plant replacement training program, I believe, will obviate the necessity for such drastic regulatory legislation."

UP-TOWN AFTER 3

PLAYS

"The Morning Star," a melodrama by Emlyn Williams. Presented by Guthrie McClintic at the Morosco (W. 45th St., N. Y.), with Gladys Cooper, Cecil Humphreys, Brenda Forbes, Wendy Barrie, Rhys Williams, Jill Esmond, Gregory Peck and Nicholas Joy. Staged by Guthrie McClintic; sets by Stewart Chaney.

As everybody now knows the year of the big London Blitz was 1940. The rain of bombs killed many, wounded more and upset every Londoner's life. Old customs and habits had to be discarded and new ones acquired. In **"The Morning Star,"** Emlyn Williams describes how one London family, a member of the upper middle classes, reacted to the changes. It is, by its nature, a serious play; at times it is even clever, but seldom is it a very good play. Just as some of the characters begin to take on a human tinge they suddenly resort to attitudes and gestures which make them unreal. The blitz chases the family from its comfortable house in Chelsea to a one room in another part of town. The young aviator son is killed. The older son, a rising physician, cuts loose and has himself a time. He leaves his wife and goes off with an expensive blonde, who plays the field. He writes a hit novel. He becomes the outstanding surgeon of the day. And after tiring of all these goes back to his wife, who promptly promises him a baby. Throughout all these adventures, Miss Cooper as the play's central figure, is the well-bred exponent of good breeding. Miss Barrie, the blonde with the collector's eye, gives a first-rate performance. Gregory Peck, the son wtih the marital wanderlust, plays his role with admirable skill. Cecil Humphreys as the irascible old doctor hiding a heart of gold under a rough exterior, is capital. Jill Esmond as the wife who takes her husband back, gives a very good performance. The trouble does not lie in the performances, it is with the play itself.

THE MOVIES

A few months ago when Diana Barrymore made her motion picture bow in "Eagle Squadron" the best that could be said of her performance was just fair. But now having been starred, photographed to better advantage and given a role in **"Between Us Girls"** which permits her to play Queen Victoria in her old age, Sadie Thompson in "Rain," not to mention a glamor girl and a 10-year-old hoyden, she does a creditable job. As Carrie, a rising young actress, Miss Barrymore returns home to her wealthy, beautiful, widowed mother (Kay Francis) for a surprise visit. Mother has acquired a suitor (John Boles), who is under impression the unseen daughter is about six years old. So to aid her mother's cause, Carrie makes up accordingly. Trouble arises when mother's suitor on first call brings friend (Robert Cummings) with him. Right away Carrie falls for him. And he, with no eye to intimate details, believes she is just a friendless, misunderstood child in need of roller skates, ice cream sodas and sympathetic understanding. Eventually, of course, everything is discovered but meanwhile there are plenty of amusing situations.

ABOUT THE TOWN

New York is slowly becoming a boom town. The night spots are jammed and some week ends you have to almost get a letter from Donald Nelson to get into them. Over on the swishy East Side, there is, for example, **Fefe's Monte Carlo** on E. 54th Street. The bar, of what is the place proper, opened during the fall and winter, has been turned into a gin rummy room. Well, to see the uniformed backs intently bending over the paste boards you'd think it was an important General Staff in solemn meeting. In the **Monte Carlo Beach** is the room where the "name" people huddle. It's a poor night which doesn't see a Heddy Lamarr, a Dorothy Lamour or equally glamorous females relaxing here after a day of War Bond selling. . . . Around the corner (55th off Madison) is another place bulging with uniforms —**Armando's.** A not too long narrow room, it reflects the rotund personality of the kewpie-faced Armando, who keeps hopping around yelling "hello"! and "nice to see you." Over on the West Side the boom has also had its affect. Fifty-Second Street, the home of swing and jive, is full of Service men on leave. Unfortunately, these swing joints are not too much concerned with either good food or even passable service. Still if you want a lot of noise and "girlie" shows and if you're not particular, 52nd Street is the place you want. Not that the East Side places aren't noisy but their noises are usually better natured, and the food, drinks and service are better and no more expensive.

Fernon Merges With Bell

PHILADELPHIA, PA.—The investment business of Norman Fernon & Co., Inc., has been merged with that of W. H. Bell & Co., Inc., 1500 Walnut St., under the name of the latter firm.

How Much For Advertising

Albert Frank-Guenther Law, Inc., 131 Cedar St., New York City, have reprinted in attractive booklet form, "What Should You Spend On Advertising?" which appeared in a recent issue of "Domestic Commerce," published by the U. S. Department of Commerce. The article outlines the part advertising should play in the war and in the peace to follow and in addition lists by classifications the percentage of sales volume spent in advertising by 533 companies. Copies of this interesting and attractive booklet may be had upon request (made on a business letterhead) from Albert Frank-Guenther Law, Inc.

Form Thomas Associates

The officers and other personnel of W. L. Thomas & Co., Inc., announce the formation of Thomas Associates, Inc., 551 Fifth Avenue, New York City.

Earnings Still An Unknown Quantity

As perhaps no time before in financial history, security holders today find it extremely difficult to appraise the earnings of their companies. Even aside from the tax factor, the question of renegotiation of contracts (for war work) looms large. The Senate Finance Committee is expected soon to consider the question of overall limitation of war profits—and some such provision may be written into the pending tax bill. Thus, the favorable reaction that had greeted the 80% tax ceiling proposal (applicable mainly to companies whose operations have been vastly stimulated by war production, as compared with their pre-war operations) is temporarily offset by uncertainties regarding profit limitations. The latter, presumably, would be applied before any tax calculations whatever. Sooner or later, problems of this kind will be straightened out, but meanwhile the market apparently prefers to wait and see.

It remains evident, however, that uncertainties of various kinds are not producing any liquidation to speak of; rather, they merely appear to postpone buying initiative. In general, an attitude of this kind on the part of the stock market betokens a strong underlying technical position, the effectiveness of which on the upside awaits only a more clear-cut incentive.—J. S. BACHE & CO.

Com. Ass'n Condemns SEC Proxy Proposals

A resolution condemning the proposed revision of stockholders' proxy rules by the Securities and Exchange Commission was made public on Sept. 15 by Neal Dow Becker, President of the Commerce and Industry Association of New York, after its unanimous adoption by the Board of Directors. The changes were recently advocated by the staff of SEC and presented to the Commission.

"The Commerce and Industry Association is not opposed to rules and regulations which will actually operate so as to carry out the sound objectives of protecting investors from fraud, for which the SEC was created," the committee report read. "In an effort to prevent isolated abuses, however, all corporate activity should not be unduly hampered, especially by arbitrary requirements that exceed the authority granted the Commission by Congress.

"The practical effect of these proposed amendments would be to give the personnel of the SEC power to influence many of the policies and operations of the managements of listed companies. This power would definitely obstruct the application of sound management ability to American business and to that degree would injure, rather than aid, investors."

Savings Banks Show Continued Gains

Savings through the New York State Savings Banks continued to gain during the month of August, according to the latest statistics gathered by the New York State Savings Banks Association. Savings banks report a net increase of 12,388 in number of accounts, a gain of $16,220,000 in dollar deposits and War Bond sales of $17,290,000.

This brings the increase in savings accounts during the past three months to 21,144, total deposits at the end of the month of $5,427,000,000 and total War Bond Sales to $338,402,000. The gain in deposits during August may be added to War Bond sales for the same month to indicate a net of new savings of $33,510,000 accounted for by the savings banks.

Comparison with the results for the same month in previous years new accounts and in dollar deposits are the largest of any August during the past eleven years and are a healthy sign today when it is so important that current earnings be diverted into savings.

Stock Market Prop

"In round terms, there will be $84,000,000,000 fighting to purchase $75,000,000,000 of goods" is the way Leon Henderson recently described the inflation problem in the immediate future. One doesn't have to be an economist to figure out that in face of this situation the pressure will be strong to force the prices of goods upward. But against this pressure will be the efforts of the Government to hold prices down by price controls, rationing, etc.

From the President's recent speech and from various indications in other quarters it appears that the Administration is finally beginning to take a realistic attitude toward the inflation problem. If this results in the adoption of comprehensive and effective controls, inflation should be checked sufficiently to avoid serious consequences. If not, then the prices of goods are likely to rise even more drastically than during the last war.

What the answer will be is anyone's guess. We know that the dangers are more widely appreciated than in the World War I period and that central government powers are greater. But we also know that the war is being conducted on a vastly greater scale financially, productively, and otherwise, with the result that the problem of controlling inflation is correspondingly greater than it was 25 years ago. At the moment it seems improbable that either the extreme of drastic runaway inflation on the one hand or the extreme of completely effective control on the other will eventuate. Perhaps a fair guess as to what will happen, therefore, is that the final result will be somewhere near the middle of the range between these two extremes.

From a longer term standpoint this prospect has bullish implications stockmarketwise. But taking the situation as a whole, it also has an interesting aspect from the shorter term standpoint. This has to do with the excess of purchasing power which, as Mr. Henderson has pointed out, is now accumulating. To the extent that price controls and rationing are effective in holding down the price level and restricting purchases of consumer goods, the excess of purchasing power will spill over into other channels of spending. In other words, the X number of billions that aren't spent for the purchase of available consumer goods will be spent in some other way.

The largest portion of this money will go into Government bonds, but we know from past experience and from what is happening abroad that a very considerable portion will go into the purchase of common stocks. It is doubtful if this new source of buying power has made itself felt to any great extent as yet. But as time goes on and more excess purchasing power dollars accumulate, they will constitute a strong prop to stock market stability. In fact, given more encouraging war news, these excess purchasing power dollars could conceivably be an important factor in pushing stock prices upward just as they are now doing in the consumer goods market.—*W. F. Shelley in Massachusetts Distributors' "Brevits."*

Aug. Living Cost Up 0.3%

The cost of living for wage-earners and lower-salaried clerical workers in the United States rose 0.3% between July 15 and Aug. 15, according to the National Industrial Conference Board, New York.

Food, which rose 0.8%, was chiefly responsible for the increase shown. Clothing rose 0.2%, showing an increase of 0.1% in the cost of men's clothes and 0.3% in women's clothes. All other items surveyed—housing, fuel and light and sundries—remained at the same level as the previous month.

The Board's index of cost of living (1923=100) stood at 98.1 for August as compared with 97.8 in July, 97.3 in June and May, 96.1 in March, 95.1 in February and 89.4 in August, 1941.

The level of living costs was 9.7% higher than that of a year ago. Clothing costs led the advance over August, 1941, with an increase of 18.4%. Food was second with a rise of 15.8%. Other advances during the 12 months were: sundries, 6.3%; fuel and light, 2.0%; and housing, 2.5%.

The purchasing value of the dollar declined 0.3% from July to August. During the year it went down 8.9%.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 973)

* * *

Last week the market again managed to creep up to within shouting distance of the important 110 level (D. J.) but as this is being written it's back again within hailing zone of the critical 105 figure. Slowly being ground between these two millstones, it still gives no clear indication of any nearby trend. The stocks you hold on this column's recommendations are acting with the market. They can't quite make the profit taking prices and refuse to go through their critical levels. Until these stocks do one thing or another it would be futile to be any more specific.

* * *

Here and there signs of buying do appear. But seldom are these signs in evidence long enough to warrant following. Therefore, in summing up, I advise all stocks should be held until either the profit areas or the critical zones are reached and penetrated.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

SEC Extends Period For Submission Of Views Regarding Bid and Asked Disclosure Rule

(Continued from page 970)

sented by the staff of the SEC which had been proposed by this Wall Street group, but the results are the same.

The original SEC Acts were all right as far as they went, but they did not carry through all the features they should have of the English Companies Acts from which they were copied, especially enabling proper financing of small businesses. While in the first few years a great deal of good was done, it is now a question whether this statement is still true. The members of the Commission, present and past, have tried to be fair to all people in the investment business, but it seems to the writer that a grave mistake was made in policy when the recent Congressional hearings were held to consider revisions to the SEC Acts, for the Commission to take the attitude they did, namely "no changes." It is patent that some changes are necessary for the well-being and best interests of our country.

A reasonably good Stock Exchange market and Over-the-Counter market would certainly be a help to war-time economy and would do more than any one thing to help the Treasury Department in its tax collections and bond-selling program. Present laws and regulations have made a good listed market impossible and resulting spreads of 15 to 25 points between bid and asked prices certainly do not profit the investing public. This trading plan in so far as it affects municipals is a direct slap at Congressional intent. Only in 1938, Congress excluded municipals in passing the "Maloney Act." A committee should be appointed of municipal and corporation traders to lay the facts before the Interstate Commerce Committee, Mr. Lea, Chairman, and the Finance Committee of the Senate, Senator George, Chairman. If the Wall Street element of the Stock Exchange, with SEC help, can put over this nefarious plan under the cover of wartime stress, we would be derelict to thousands of our associates who have given their services, many their lives in the service of their country. They expect us to at least carry along the home front for them so they will have a job to return to. . . .

We were interested in a statement made in the "New York Times" of Aug. 24, attributed to the Commission, that no broker or dealer would be willing to argue the merits of the rule.

When an "execution," and I use the term "execution" advisedly, is handled on the New York Stock Exchange or Curb, it is largely a mechanical process which a robot could handle, speed being the first consideration, which usually does not benefit one party to the transaction, either buyer or seller. In one local Kentucky stock traded in New York the bid was 40, the asked 80, before and after a sale of 10 shares at 50. If this rule were put in effect, this information should be on all listed confirmations. "Executions" on the listed market are largely made by "social" clerks. They do not at present give one-tenth of the service or one-tenth of the knowledge, skill and care for investors' best interests as exhibited by the great majority of traders in Government bonds, municipal bonds and over-the-counter securities.

Excess regulations have deflated the listed markets in such a fashion that the Government itself has to use the facilities of the over-the-counter markets in Government bond transactions. The only security averages which have held up are the over-the-counter securities.

This rule, if it is to be seriously considered, should be put into effect after consideration by the National Association of Securities Dealers, that creature of the SEC set up to regulate the over-the-couner markets. If this organization can't do it and work out the problem, it is a waste of money for all dealers to pay dues in it to keep it going. All dealers should be for any rule in the public interest, and against any that are not.

The SEC has been in a rather peculiar position, pushing on the one hand its public utility disintegration policy in a market which is sacrificial to all holders, and on the other hand being given the war duty by Congress of protecting the investment public. That certainly does not help the war-time economy and we question whether that was ever in any way Congressional intent; certainly not the intent of the present courageous and able Congress.

To relieve this situation, the Federal Power Commission should be given control of the financial part of the utility business, transferring the control from the SEC. As the Government war financing practically stops all new financing, the activities of the Commission should be curtailed to the minimum. The savings can be put into additional tanks and guns. The cost of policing can be cut to a minimum with State agencies and various national organizations functioning smoothly.

All the efforts of the Commission should be devoted to strengthening the national economy, planning for the post-war period, and the SEC should be given the job of successfully handling the Government bond financing to the general public. The SEC can thus render a real service to their Government and the people, and not be left in the class of doubtful purpose agencies.

The investment industry in Kentucky and all over the country has been donating its time and services in the furthering of the sale of War bonds. It has been estimated that the industry's out-of-pocket expense this year has amounted to $75,000, not including any time or percentage of overhead expenses. This is done at a time when the securities industry as a whole is largely operating at a loss. No industry, profession, or Government employee has more right for an "E" from our great war leader, Mr. Roosevelt, than does our own industry. We think the SEC has made a serious mistake even to suggest the consideration of this rule at the present time. The present job of all is to win the war, and not to create controversy and disunity.

If we can protect our business from being destroyed, our industry can prove very important during the war to the welfare of our Government. When peace comes, our business will have a great part to play in the economic development of the country and of the whole world, and can look forward to the future with optimism.

Our answer to this rule, if we care to give it, should be that the only thing we can give any consideration to now is "Victory in the War."

THOMAS GRAHAM,
National Committee Member from Kentucky

DEALER NO. 31

Several days ago a case came to light in which the City Clerk's office had contested the right of a Negro Bishop to perform marriage ceremonies on the ground that his particular religious sect had not appeared in the 1936 Federal census as required by an amendment to the Domestic Relations Law adopted by the 1942 Legislature.

Corporation Counsel for the City Clerk's office argued that "grave abuses had existed under the law as it existed prior to the enactment of the amendment."

In the Supreme Court, Justice William C. Hecht, Jr., deciding in favor of the Negro Bishop, rendered the following decision: "It is more desirable by far," he said, "to tolerate the abuses of a few charlatans than to give judicial approval and sanction to a legislative enactment patently repugnant to the principles of religious liberty."

Now, does this decision consign John Q. Public to a future of questionable certainty as to his marital status wherein he is to assume that even in this important phase of his life there are those who are not beyond the reach of Satan? Only one with the mental faculties of a feather-merchant could possibly conclude that this was the ultimate intent and purpose of this learned Judge in wording such a decision!

If a man wishes to enter into the contract of marriage, he goes to his own clergyman whom he knows and respects. If, of necessity and in the case of civil marriage, a man is forced to apply to someone strange to him he has available every means of investigation as to the legal status of that particular officer and it is his own foolish mistake if he neglects to exercise those means.

Since many of the recent proposed rulings as set forth by the SEC have been saturated with inferences not definitive, but none the less vitriolic, and which must be swallowed by the honest and the crooked alike, I think I need elaborate no further on what I am trying to set forth and simply keep it in the state of insinuation, in line with the general practice of that worthy Commission.

Decapitation is not a solution to ridding the world of biting dogs for this recourse would ultimately mean the extinction of the canine world as all dogs, at some time or other, are forced to show their fangs if they are to survive.

The SEC has muzzled the securities business and, in very many cases, with sincere realization of necessity. Surely the Commission must have made provisions for the proper adjunctive police powers and authority to effectuate the enforcement of these rules and regulations. Or are we to assume that they have failed in this respect and are now "shooting at the moon" to further perpetuate their own admitted ineffectiveness?

To correlate the case of the Negro Bishop and the Court's decision, with its effect on the investment business, we have only to change the last two words, viz.: "than to give judicial approval and sanction to a legislative enactment patently repugnant to the principles of FREE ENTERPRISE."

Very truly yours,
F. V. M.

Capital Gains And Losses

Prospective treatment of capital gains and losses in the 1942 tax bill is of paramount importance to all investors.

Under the proposal presently before Congress, gains and losses would still be divided into short and long term, although the holding period would be changed, i.e., the short term category would consist of assets held not more than 15 months and the long term category would consist of assets held more than 15 months (latest reports indicate that the Senate is contemplating reducing the holding period to 13 months).

Short term gains and losses would still be recognized at 100% but long term gains and losses would be recognized to the extent of 50%. Short term gains and losses would be offset against each other to determine the net short term gain or loss and likewise long term gains or losses would be matched to determine the net long term gain or loss. However, the proposed change would permit a net long term loss to be offset against a net short term gain, and vice versa, to determine the net capital gain or loss. A net capital gain resulting from an excess of a net short term gain over a net long term loss (or solely from a net short term gain) would be added to ordinary income and would be subject to taxes at the regular normal and surtax rates. A net capital gain resulting from an excess of a net long term gain over a net short term loss (or solely from a net long term gain) either may be added to ordinary income and taxed at regular rates or may be taxed separately at 50%, whichever method produced the lower tax. Since long term gains are recognized only to the extent of 50%, the effective maximum rate on long term gains is 25% of the actual gain.

It is important to note that a net capital loss may be deducted from ordinary income (salaries, interest, dividends, etc.) only to the extent of $1,000, but the excess over this figure may be used for a five-year period to offset net capital gains. In carrying over excess losses, these would be considered as short term losses in succeeding years and in applying the carryover the amount available from the earliest year would be used first. As long as there remains a carryover loss in any year in which there is no net capital gain, $1,000 of the carryover may be applied to reduce ordinary net income.

How the Carryover Works

Suppose in 1942 there is a net capital loss of $10,000. Of this amount $1,000 can be applied to reduce net income, leaving a $9,000 carryover. Now assume in 1943 there is a net capital gain of $5,000 and of the 1942 carryover loss of $9,000, $5,000 could be applied as an offset, thus resulting in no taxable gain. In addition, $1,000 of the carryover of $4,000 may be applied to reduce net income, thus leaving $3,000 as the balance of the 1942 carryover available for succeeding years. Now assume in 1944 there is a net capital loss of $5,000 and that $1,000 of the 1942 carryover is applied to reduce net income—this would reduce the 1942 carryover to $2,000 and would leave the 1944 carryover at $5,000, making a total carryover in that year of $7,000. Now assume in 1945 there is no net capital gain or loss and that $1,000 of the remaining 1942 carryover is applied to reduce net income—this would reduce the 1942 carryover to $1,000 and would still leave the 1944 carryover at $5,000, or a total of $6,000. In 1946 assume there is a net capital gain of $6,000—again this can be used the $1,000 remaining from the 1942 carryover and $5,000 from the 1944 carryover, resulting in no taxable gain. This might be continued ad infinitum, but the foregoing will suffice to illustrate briefly how the carryover provision would work.—*G. Y. BILLARD, J. R. Williston & Co.*

Our Reporter's Report

(Continued from first page)

Offset To Steady Drain

Easing of reserve requirements at the two major cities, the Reserve explains, is designed to offset the strain on banks in those centers incident to the Treasury's heavy withdrawals.

Such funds, it was explained, have been expended largely in other sections of the country, thus setting up a steady drain on the two major points.

For a time the Reserve endeavored to ease the impact of such operations through the action of its open market committee, chiefly in New York. But months ago, it became evident that these purchases alone would not suffice for long to keep the banks involved in position to absorb heavy new Treasury emissions.

Southwestern Public Service

Response to the offering of new securities under the refinancing program of the Southwestern Public Service Company was fully up to the expectations of those familiar with the undertaking.

Most heartening, according to observers, was the call for the new 6½% cumulative preferred stock, which incidentally might have been attributed to the move by the Senate Finance Committee to permit deduction of preferred dividend requirements before making provision for excess profits taxes.

The 4% first mortgage bonds and the notes were working out satisfactorily, it was indicated, with prospects for a closing of the books within a few days.

Soaking Up Free Funds

The Treasury moved this week to siphon off as much as possible of funds which corporations and individuals may be setting aside against enormously increased taxes which will become due next year.

It proceeded to liberalize the terms of the Tax Saxings Notes which have been on sale since Aug. 1, 1941 in a manner to make them more attractive.

The new Series C notes, which replace the old Series B-1944, are now adaptable for two purposes; either for accumulation of tax reserves, or for temporary or short term investment of cash balances which may be idle, with provision for cash redemption with interest.

The Series A-1945 notes like their predecessors, are designed for small taxpayers, with the maximum available for presentation against tax liability being raised from $1,200 to $5,000. This new limitation is being applied also to the predecessor issues.

Large Municipal Offering

The municipal market, which has been in the doldrums for months so far as new business is concerned, will have an opportunity to bid for a substantial piece of Boston financing next week.

The Boston Metropolitan District has issued a call for bids, to be opened next Wednesday, on an issue of $8,186,000 of new bonds of the Transit Authority for the city and adjacent communities.

Carrying the date of Oct. 15 next, the new bonds will be serials maturing in one to 25 years. In view of the dearth of new offerings recently, this issue is expected to arouse considerable competition.

Interesting Opportunity

Securities of the St. Louis-San Francisco Railway Co. offer attractive possibilities, according to an interesting circular issued by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of the circular may be had from the firm upon request.

Calendar of New Security Flotations

OFFERINGS

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Southwestern Public Service Co. on Aug. 31 filed an amendment to its registration statement fixing the proposed issue of 3¾% (int. rate fixed at 4% by amendment filed Sept. 8) first mortgage and collateral trust bonds due 1972 at $20,000,000, the amount of serial notes at $6,000,000 and the amount of preferred stock at 60,000 shares, all issues to be offered to public through underwriters. The $1 par common stock (185,000 shares) is to be offered first to common stock holders of Community Power & Light Co. and of General Public Utilities, Inc., other than Community as a stockholder of General, the offering to be made through warrants, the unsubscribed shares to be sold through underwriters

In an amendment to its registration statement filed with the Securities and Exchange Commission on Sept. 10, the Southwestern Public Service Co. lists the underwriters and the amounts underwritten on its proposed offering of new securities. The registration statement covers $20,000,000 first mortgage and collateral trust bonds, 4% series due 1972; $6,000,000 serial notes, interest rates 2½% and 3%; 60,000 shares 6½% cumulative preferred stock, par $100, and 185,000 shares of common, par $1.

The names of the underwriters are given below. (The amounts of each class of security which the several underwriters have agreed to purchase will be given in "Chronicle" Monday Sept. 21.)

Dillon, Read & Co., E. H. Rollins & Sons, Inc., A. C. Allyn & Co., Inc., Auchincloss, Parker & Redpath, Bacon, Whipple & Co., Baker, Weeks & Harden, Bear, Stearns & Co., A. G. Becker & Co., Inc., Blyth & Co., Inc., Bodell & Co., Inc., Boettcher & Co., Alex. Brown & Sons, Brush, Slocumb & Co., H. M. Byllesby & Co., Inc., Central Republic Co., Inc., Davis Skaggs & Co., Doolittle, Roth & Schoellkopf, Eastman, Dillon & Co., Estabrook & Co., Goldman, Sachs & Co., Graham, Parsons & Co., Granbery, Marache & Lord, Hallgarten & Co., Harriman Ripley & Co., Inc., Harris, Hall & Co., Inc., Hayden, Miller & Co., Hemphill, Noyes & Co., Hornblower & Weeks, W. E. Hutton & Co., Johnston, Lemon & Co., Kay, Richards & Co., Kebbon, McCormick & Co., Kidder, Peabody & Co., W. C. Langley & Co., Lee Higginson Corp., Loewi & Co., Laurence M. Marks & Co., Mason-Hagan, Inc., Milwaukee Co., Newhard, Cook & Co., Newton, Abbe & Co., Paine, Webber, Jackson & Curtis, Putnam & Co., Rauscher, Pierce & Co., Inc., Riter & Co., L. F. Rothschild & Co., Schwabacher & Co., Chas. W. Scranton & Co., Shields & Co., Shuman, Agnew & Co., I. M. Simon & Co., Smith, Barney & Co., Stein Bros. & Boyce, Stix & Co., Stone & Webster and Blodget, Inc., Stroud & Co., Inc., Spencer Trask & Co., Tucker, Anthony & Co., Union Securities Corp., Whitaker & Co., White, Weld & Co., Williams, Parmele & Co., Inc., Wisconsin Co., Harold E. Wood & Co.

Registration effective 5:30 p.m. EWT on Sept. 14, 1942, as of 5:30 p.m. EWT Sept. 14, 1942

Offered Sept. 15, 1942, the bonds at 107½ and int., the notes at prices ranging from 97.09 to 102.29 and int., according to maturity, the preferred stock at par and the common stock at $5 per share

BOND INVESTMENT TRUST OF AMERICA

Bond Investment Trust of America has filed a registration statement with the SEC for 41,544 units of beneficial interest. Total includes 1,544 units of beneficial interest now issued and outstanding to the extent that the same may be repurchased and thereafter reoffered, together with 40,000 units authorized but not heretofore issued

Address—49 Federal Street, Boston, Mass.

Business—Investment trust

Underwriting—Whiting, Weeks & Stubbs, Inc., Boston, principal underwriter

Registration effective 5:30 p.m. EWT on Sept. 9, 1942.

Proceeds—For investment.

Registration Statement No. 2-5037. Form A-1. (8-21-42)

Offered Sept. 10, 1942 at $99.39 per unit. Public offering price figured twice daily. Units offered by Whiting, Weeks & Stubbs, Inc., Ballon, Adams & Co., Inc., R. L. Day & Co., Estabrook & Co., Kidder, Peabody & Co., Paine, Webber, Jackson & Curtis, Stone & Webster and Blodget, Inc. and Tucker Anthony & Co.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, SEPT. 27

UNIVERSITY CLUB OF CHICAGO

University Club of Chicago has filed a registration statement with the SEC for $802,500 principal amount of 4% debentures due Sept. 30, 2105

Address—76 East Monroe Street, Chicago, Ill.

Business—The club has operated since its organization in 1887 and intends to continue to operate as an organization for educational, social and fraternal purposes. It has no capital stock and is not operated for pecuniary profit but is operated solely for the benefit of its members

Offering—At the time of construction of the club building presently operated by the club there was organized under the laws of the State of Illinois, a stock corporation known as the University Auxiliary Association. The shares of that corporation were largely subscribed by members of the club and the association used the funds so obtained for the construction of the club building. The club now proposes to offer its 4% debentures—being the securities registered hereby—in exchange for the outstanding shares of the association, other than shares of the association owned by the club, and upon acquisition of such shares, or such proportion thereof as shall be approved by the board of directors of the club, to cause the association to be dissolved and liquidated.

It is considered that the issuance of the 4% debentures of the club in such exchange is a "reorganization" within the purview of the definition of that term set forth in paragraph 5 (1) of the rules as to the use of Form E-1 as constituting "the exchange of securities by the issuer thereof for securities of another issuer." The club proposes to offer its 4% debentures in exchange for shares of the University Auxiliary Association on the basis of $100 principal amount of debentures for each share of the Association of $100 par value, other than shares of the Association owned by the club

Registration Statement No. 2-5042. Form E-1 (9-8-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Sept. 10, 1942 to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). Company states that $50,000 in maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Registration Statement effective 1 p.m., EWT on Aug. 1, 1942 as of 5:30 p.m. EWT July 18, 1942

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

Amendment filed Sept. 12, 1942, to defer effective date

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

Amendment filed Aug. 11, 1942, to defer effective date

Equipment Finance Corp. filed on Aug. 13 an amendment to its registration statement in which the proposed offering is stated as follows: Sold prior to registration to employees of Curtiss Candy Co. 1,238 shares of common, no par value, at $100 per share and offer of rescission is being made re above shares, to be publicly offered at $100 per share, 2,993 shares for total of $299,300. Purpose of issue as amended includes wagons, horses and facilities for operation of horse-drawn vehicles.

Registration Statement—Effective 12:45 p.m., ESWT on Sept. 2, 1942, as of 5:30 p.m. Aug. 11, 1942.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956, and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Sept. 5, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Sept. 14, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$874,000
Allen & Co.	600,000
Pistell, Wright & Co., Ltd.	186,000
Stroud & Co., Inc.	150,000
Graham, Parsons & Co.	100,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

Registration Statement effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m. EWT July 12, 1942

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

STILLWELL WORSTED MILLS, INC.

Stillwell Worsted Mills, Inc., a newly organized company, has filed a registration statement with the SEC covering 30,000 shares of preferred stock, $10 par value; 30,000 shares producers common stock, $10 par value and 60,000 shares of common stock, $10 par value

Address—East Avenue, Harrisville, Rhode Island

Business—Plans to engage in business of worsted yarn and cloth manufacture, including dyeing and finishing

Offering—The 30,000 shares of producers common and the 60,000 shares of common stock are to be offered for sale at $10 a share. The 60,000 shares of common will be offered to a group of approximately 30 executives and key employees of the old Stillwell Worsted Mills and the 30,000 shares of producers common stock to other persons than above now employed by Stillwell Worsted Mills and its subsidiaries. Stillwell Worsted Mills, Inc., the new company will acquire properties of Stillwell Worsted Mills, the old company, located in Rhode Island, Virginia and Connecticut and certain stocks of finished cloth located in New York and Illinois. The statement says the new company does not intend to engage in the business of top manufacture in which the old company has engaged and intends to continue to engage.

The new company also plans to issue and have outstanding $2,910,000 of first mortgage serial bonds, maturing from 1944 to 1967, which will carry an interest rate varying from 2 to 5%

The statement says that the new company has no present intention of issuing the preferred shares, planning to hold them for ultimate conversion of the producers common shares.

Registration Statement No. 2-5041. Form A-1 (8-28-42)

Amendment filed Sept. 14, 1942, to defer effective date

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta,

Co., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

Amendment filed Aug. 31, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Sept. 12, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be eithe sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed Sept. 11, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,035,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed Sept. 1, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of everal operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Congress Gets Bills To Stabilize Wages, Farm Prices & Cost Of Living

Legislation authorizing President Roosevelt to stabilize prices, wages, salaries and other factors affecting the cost of living was introduced in both branches of Congress on Sept. 14 in response to the President's request in his Labor Day message for the passage of anti-inflation proposals by Oct. 1.

Separate measures, differing widely in several respects, were offered in the Senate by Senator Brown (Dem., Mich.) and Senator Wagner (Dem., N. Y.), Chairman of the Banking and Currency Committee, and in the House by Representative Steagall (Dem., Ala.), Chairman of the Banking and Currency Committee.

Although the President said in his message that as soon as farm prices are stabilized he would himself take action to stabilize wages in line with increased living costs, both bills contained wage formulas.

The Senate joint resolution calls for stabilizing wages and salaries as of Aug. 15 and farm prices at levels not below parity, at the same time conferring on the President power to make adjustments "to correct gross inequalities or to aid in the effective prosecution of the war." The bill provides that the price ceiling for any agricultural commodity shall not be fixed below the higher of these two alternatives:

1. The parity price or "a comparable price" where one has been determined, or

2. The highest market price between Jan. 1 and Sept. 15, 1942.

The wage and salary provisions of the Senate bill state that wage controls shall not (1) be inconsistent with the Fair Labor Standards Act (wage and hour law); (2) be inconsistent with orders issued by any Federal agency on cases pending before Sept. 15; and (3) be used to reduce compensation below highest levels prevailing between Jan. 1, 1942, and Sept. 15, 1942. It also declares that no employer shall pay and no employee shall receive wages or salaries in contravention of regulations which the President may issue.

The House bill requires that farm price ceilings be fixed at a price not lower than parity as re-defined to include all costs of production, including the cost of labor.

The Steagall bill would also call for a farm price floor of 100% of the new parity level during and for three years after the war. It further stipulates that farm price ceilings shall not be less than the new parity prices or the highest market price reached by a given commodity during the period from Jan. 1, 1942, to the date of final enactment.

As to wages, the House bill provides that the President establish "such maximum salaries and industrial wages as will bring about and maintain a fair and equitable relation between such salaries and industrial wages and the maximum prices for agricultural commodities."

No time limit is set on the President's powers in the House bill but the Senate provides that they would terminate on June 30, 1944.

Both bills amend the Emergency Price Control Act of 1942.

The Senate Banking and Currency Committee opened hearings on its bill on Sept. 15, with Secretary of Agriculture Wickard and Price Administrator Henderson appearing as the first witnesses.

The President's message to Congress was given in these columns of Sept. 10, page 889.

Fuel Oil To Be Rationed Beginning October 1 Areas May Later Be Extended

Donald M. Nelson, Chairman of the War Production Board, on Sept. 15 ordered fuel oil rationing for 17 Eastern Seaboard States and for 13 Midwestern States by Oct. 1, with a probable consumption reduction of at least 25%. He added that the rationed area may have to be extended later, and warned consumers to convert heating equipment to coal because there may be even a shortage of electricity and natural gas in the rationed areas.

Fuel oil deliveries on the Eastern Seaboard, shut off since Aug. 3, were resumed on Sept. 16 and will terminate Sept. 30. Consumers may fill their tanks up to a capacity of 275 gallons. This fuel will not be charged against the coupons which will be distributed by the Office of Price Administration which has been delegated by Mr. Nelson to carry on the rationing program. Deliveries up to 50% of tank capacity will be permitted for all consumers other than private dwellings.

Actual rationing of fuel oil through coupon books will not begin until Nov. 30, due to the immense amount of work required in printing the books and setting up the system of distribution.

However, after Sept. 30 oil deliveries will be resumed on a rationed basis upon issuance by the person receiving such deliveries of a written guarantee that coupons covering the amount received will be surrendered when ration books are issued, equivalent to any such deliveries on and after Oct. 1.

The Eastern Seaboard area is made up of the States of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia and Georgia, that part of Florida east of the Apalachicola River, and the District of Columbia. The Midwestern area includes Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The States of Oklahoma and Tennessee were not included in the Midwestern area because the number of fuel oil burners in those States is so few as not to justify the imposition of rationing at this time, Mr. Nelson stated.

The rationing will not be uniform through the rationed areas. Some sections may obtain a larger quota than others.

The Office of War Information, in connection with the above decision to ration fuel oil in some sections of this country, said:

"The Eastern Seaboard Area faces serious fuel shortage this winter. In an effort to alleviate this problem, areas to the west must sharply reduce their consumption of fuel oil in order to make available transportation facilities for the East, where the situation threatens to be more distressing.

"So acute is the situation that even with rationing, which is now being considered, cooperative efforts must be taken to make the most effective use of available heating facilities or the war effort will be severely hampered. Every tank or coal car used in carrying fuel must be taken from its job of carrying war supplies to our fighting men at the front. The problem is not merely for the householder, alone. The storekeeper and the manufacturer must be urged to conserve all types of fuel in the shop and in the plant."

Morgenthau Denies Bond Sales A Failure

In a formal statement designed to clear up the impression that he regards the voluntary war bond program as a "failure," Secretary of the Treasury Morgenthau said on Sept. 11 that "this is not only a distortion of anything I have said on the subject but it is also an injustice to the hundreds of thousands of devoted volunteers in all parts of the country who are working night and day to enlist the nation's savings for the war. His statement goes on to explain:

"In view of our swiftly rising war expenditures I have said that the voluntary war bond program alone cannot close the gap between the amount of money available for consumer spending and the supply of goods available for civilian use. I have said that it must therefore be supplemented by a more drastic and comprehensive tax program, including a tax on spendings, a part of which would be treated as a debt to the taxpayer and repaid after the war. We shall, however, continue to rely upon voluntary lending for a large part of our financing. The mounting requirements of the war demand that our sale of war bonds be continued and intensified. As I said to the Senate Finance Committe last week, it is my belief that the voluntary war bond program has produced and will continue to produce a great contribution to the nation's war effort. Regardless of the other measures that are needed, the voluntary savings program will be essential until the war is won. To our hundreds of thousands of war bond volunteers, I should like to say that the nation is counting on them more than ever to carry on the magnificent work in which they are so unselfishly engaged."

W. M. Jeffers Named Rubber Administrator

William M. Jeffers, President of the Union Pacific Railroad, was named Rubber Administrator on Sept. 15 and placed in complete charge of the entire rubber program, to carry out the recommendations of the Baruch committee. The appointment was announced by Donald M. Nelson, Chairman of the War Production Board, who said his selection had the approval of President Roosevelt. Mr. Nelson said he was delegating all his authority over the rubber program to Mr. Jeffers, who, in turn, will issue directives to all governmental agencies concerned with rubber.

In making the appointment, Mr. Nelson said:

"Any one who knows Mr. Jeffers knows also that he is an exceedingly competent executive and administrator who can do any kind of a tough job. This job is one of the toughest. I am placing Mr. Jeffers in this post with the approval of the President, and I am delegating to him all my authority. From this point on, any problem connected with rubber is a matter for Mr. Jeffers's decision, and I know he will do this job."

Accepting the appointment, Mr. Jeffers said he was "already at work" and "intends to do whatever is necessary to carry out the assignment." He further stated:

"I am mindful of the words used in the Baruch report, in which it is said that the existing rubber situation is so dangerous that, unless we take corrective steps, this country will face both a military and civilian collapse.

"This means I have a tough job. But it is also a job for all the people of the United States. The biggest stockpile of rubber we have is on the wheels of our automobiles. I ask every motorist, every truck driver, everybody who runs a car, to remember that he is now the custodian of a material more precious than gold.

"I cannot do any more talking about the matter now. We do not need talk; we need action."

Mr. Jeffers was born in North Platte, Neb., on Jan. 12, 1876, and began his career with the Union Pacific System in 1890 at the age of 14. He was Vice President in charge of operations from 1928 to 1930 and became Executive Vice President of the Union Pacific System in 1932. Since 1937 Mr. Jeffers has been President of the system.

The Baruch committee's rubber report is referred to elsewhere in these columns today.

Bank Supervisors Cancel Convention

The National Association of Supervisors of State Banks has canceled its forty-first annual convention because of difficulties of transportation and other complications resulting from the war, it is announced by Rulon F. Starley, President of the Association, in Salt Lake City, Utah. The convention was to have been held in Philadelphia late this month. This is the first cancellation since the association was organized in 1902.

In place of the annual meeting, the supervisors will hold a conference in Philadelphia on Nov. 16 and 17 to consider questions arising from the war and possible changes in policy to promote the war effort, Mr. Starley said.

Answers To Questions "Securities Salesman's Corner"

1. Unregulated competition which caused a deterioration of the rate structure.
2. A class I railroad is a railroad which does a $1,000,000 worth of business a year.
3. Pocahontas roads: Virginian, Chesapeake & Ohio. Industrially owned carriers: Missabe & Iron Range, Chicago and Illinois Midland, Bessemer & Lake Erie.
4. The Interstate Commerce Commission.
5. The courts cannot CHANGE a plan. They can DISAPPROVE it. They can send it back with suggestions.
6. The three main steps in present day railroad reorganizations are: The ICC plan is certified to the court, time of court approval, consummation.
7. This ruling states that any corporation, railroad or otherwise in bankruptcy earns its interest and does not pay it, then the amount they earn is taxable, both from normal or otherwise. If they do not pay it to the bondholders—they will have to pay it to the Government, only more so—so they had better pay it to the bondholders.
8. First mortgage bonds average about 12½%.
9. Income bonds average about 25%.
10. About 1,000,000 men were employed, or approximately one-half the number in 1930.

Canadian Industrial Activity Up Slightly

Only a slight increase in Canadian industrial activity as a whole occurred during the past month, A. E. Arscott, General Manager of the Canadian Bank of Commerce, Toronto, states. "Our index rose from 179 at mid-July to 180 at mid-August (1937=100)," Mr. Arscott declared, "the percentage of factory capacity utilized rising simultaneously from 120 to 121. Our composite index of activity in September, 1939, registered 100, including, among items now figuring largely in the war program, 68 for the automotive trades, 98 for the other iron and steel industries and 88 for the non-ferrous metal trades.

"With the progressive curtailment of output for civilian consumption and the conversion of many types of plant to armament production, the development of the national war economy is even greater than that shown by the figures themselves.

"Our August index records a rise in the food-processing group, mainly in the flour and meats for export. The clothing group was unchanged. There was a slight recovery in pulp and paper, but other wood product industries were less active chiefly owing to a decline in saw-milling. The automotive trades were more active on government orders, but some reorganization of the heavy iron and steel trades caused a recession in that section, slightly lowering the index for the group as a whole.

"Our wage payroll index rose from 201 for June to 203 for July (1937=100), with gains in manufacturing, mining (chiefly on account of coal) and construction and with losses in logging and trade."

Why Ins. Stock Now?

An interesting discussion of the situation affecting insurance stocks and the attractive outlook for these issues is contained in the Sept. 8 issue of Huff, Geyer & Hecht's "News Review," in addition to a comparative table of fire and casualty insurance operating results for the first half of 1942. Copies of the "Review" may be had upon request from Huff, Geyer & Hecht, Inc., 67 Wall St., New York City.

SEC Amendments

The Securities and Exchange Commission announces the adoption of two amendments to Regulation A under the Securities Act of 1933. Regulation A exempts from registration certain issues of securities whose aggregate offering price to the public does not exceed $100,000.

The purpose of one of the new amendments is to clarify the circumstances under which Regulation A is available for an issue of securities which has once been effectively registered under the Act.

The second amendment is made necessary by the abolition of the Washington, D. C., field office of the Commission. The Baltimore regional office has been established with jurisdiction over the area previously served by the Washington, D. C. field office.

Our Reporter On "Governments"

And now the September deal is out of the way—a success as anticipated and a particularly significant financing not so much because of its own terms but because of what its terms imply for the future. . . . $3,000,000,000—the largest single Government borrowing operation in history, aside from the Liberty Loan issues of the first World War. . . . Short-term—with $1,500,000,000 of the financing in the form of 0.65% certificates of indebtedness due in seven months and 11 days and $1,500,000,000 of it in the form of 1¼% notes due March 15, 1945. . . . Obviously designed for commercial bank subscription—with the short-dating of both classifications forcing disproportionately large subscriptions from institutions in the big cities, such as New York and Chicago. . . . Carefully worked out as to payment—with the payment date of Sept. 21 on the certificates and of Sept. 25 on the notes allowing the banks to catch their breath after the income tax dates and permitting some of the borrowed money to seep back into the system before the buyers must put up the cash. . . . In short, a good, workable, technically perfect financing. . . .

In about a week or so, dealers say, there should be a 4 to 5/32 premium on the notes. . . . (The certificates, of course, are shaved so close there's no point in talking about them in premium terms. Last quote indicated premium of 5c. per $1,000 certificate.) . . . Excellent angle of this financing was the choice of delivery dates, for by extending the time for payment to 11 days for the certificates and 15 days for the notes, Secretary Morgenthau gave the market a needed breathing spell. . . . At the rate spending is going, $2,000,000,000 will be "back in the market" by payment date. . . . Redemption of Treasury 2s and discount bills in between offering and payment date will give institutions more funds. . . . Extension of time to allow some rest between the 15th tax date and payment period will give buyers even more leeway. . . . In this one provision—extended payment period—lies much of the answer to the immediate success of the deal. . . .

Of course, the fact that the issues are so short-dated guaranteed their distribution. . . . If you want to carp about things, the maturities are even too short, for banks in the country won't and can't get excited about issues on which the return is less than ¾ and 1¼%. . . . Morgenthau definitely placed the responsibility for the success of the September borrowing on the giant city banks. . . .

And that leads right into much more important points, the implications of the choice for the September maturities. . . .

WHAT'S AHEAD?

As the experts see it, here's what we may expect soon—with predictions based considerably on the recent deal:

(1) A really long-term financing in October, for the market has been given its resting period and choice of such short-dated maturities logically suggests the long-term list is being dressed up for this purpose. . . .

(2) An issue designed to appeal primarily to buyers outside of banks, for the banks have been placed in the position of taking $3,000,000,000 of securities this month and it is logical to expect the next call will be on funds of non-banking institutions and individuals. . . .

(3) A real thunder-and-lightning selling campaign, aimed at awakening interest in the coming long-terms among individuals. . . .

(4) A general lowering of bank reserve requirements for the banks as a whole, designed to put this class of buyers in a more comfortable position to subscribe to future issues. . . .

Maybe there'll be some change in these forecasts, due to now unforeseen foreign developments or some extraordinary change in the domestic inflation-tax-control-political picture, but as matters shape up now, these four predictions appear to have considerable weight. . . .

No point in guessing now what type of long-term bond might be tried, naturally, but just to guess anyway. . . . This writer looks for something around the 2¼% coupon level due in the late 50s. . . . That would get the banks, insurance companies and some individuals. . . . And it's interesting to speculate now on how many little Americans will realize when that issue comes out just how attractive an offer they've had all along in the 2.9% Series E 10-year bonds. . . .

Amazing. . . . To see how few people know those bonds from an investment point of view are the most attractive available anywhere in the world. . . .

INSIDE THE MARKET

Dealers appear particularly pleased with action of market. . . . Stability in face of huge offering of Thursday and Friday was magnificent. . . .

Feeling around that Morgenthau is doing excellent job in giving market liquidity, and after September deal is paid for market will be in good shape for October's bond offering. . . .

Rise in short-term interest rates believed to have run its course. . . . And rise was needed to give liquidity to market, traders insist. . . . Statistically, here's the way that rise shapes up: average yield on Treasury bills up 0.279% from this time last year. . . . On three-five-year notes, up 0.81%. . . . On five to 10-year bonds, up 0.37%. . . . On longer-term bonds, up 0.19%. . . .

Some of the bigger trading houses talking of good rise in market for next few weeks. . . . Optimistic feeling around in Government bond circles is significant. . . . As for pessimism among the few, that's answered with comment, "authorities won't permit any important decline and they don't have to now." . . .

Comment made that liquidity created by sales of certificates, notes, etc., will be a help if and when any decline is threatened. . . .

Pattern of market in England worth studying, suggests our market may get into upward trend again if we're to follow British leadership. . . . Banks out of New York and Chicago districts may get more and more into long-term market as their holdings of short-terms increase and their need for earnings becomes more acute. . . .

RESERVES RAISED AGAIN

Confirmation of Federal Reserve Board's policy of reducing reserve requirements by gradual steps came in announcement that requirements of New York and Chicago banks are to be cut from 24 to 22%. . . . Represented second cut in less than a month. . . . Added $335,000,000 to reserves of banks in New York, $65,000,000 to reserves of banks in Chicago. . . . Now only one more cut possible for these special banks until Board announces nation-wide adjustment in requirements. . . .

The move had to be made. . . . Excess funds held by New York banks were said to be around $200,000,000 just before the income tax date—a figure too low for comfort. . . . And more moves will come. . . . They must. . . . For the Reserve must keep the market in shape to take the billion-dollar financings the Treasury has on the calendar. . . .

SIGNIFICANT STATEMENTS

Worth noting that market is being geared to taking "without trouble" huge financings that would have thrown most investors into a panic a few years ago. . . . $3,000,000,000, the first in a series and largest deal since Liberty Loan days, was tried in short-term list. . . . Good psychology. . . . Suggests bigger ones to come. . . .

"They're all going to be pretty big from now on," said a Treasury official last Thursday. . . . "I wouldn't say this was the largest by any means." . . .

Meaning? Guess is we're being prepared for $5,000,000,000 issues every five to six weeks. . . . Next step upward may be $500,000,000 more. . . . Then to the $4,000,000,000 mark and then to the goal. . . . Which is exactly what foresighted dealers in Governments are looking for and saying is necessary to place the financing on a sound, definite basis. . . .

Others worth considering:

From a big dealer:

"Don't count too much on the tax-exempts, for this is a political not a financial issue and it's quite possible that in months to come, Congress will be forced into position where saving exemption for a few holders will be politically impossible.

"If you do buy tax-exempts, keep them short, so you haven't long to go on maturity. And keep away from the very high premium exempts."

From another, this one in the municipal field:

"Chances of keeping tax-exemption on new municipal issues seem smaller all the time. Wouldn't be surprised if Government gets after outstanding municipals soon."

From a third trader:

"In switches, be sure tax-exempts bought are in intermediate to short-term group. Buying longer ones seems dangerous."

From a fourth:

"No reason why we should fear or consider any major change in interest rates now. Situation is under control and will remain so for many months. We have assurances that any rise in interest rates will be fought vigorously."

Look 'em over. . . . If you're on another side of the fence, you might consider the points made just to make sure you're not going too far in one direction. . . .

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on Sept. 13 that during the month ended Aug. 31, 1942, authorizations were issued to receivers for payments of dividends to the creditors of two insolvent national banks. Dividends so authorized will effect total distributions of $876,800 to 13,863 claimants who have proved claims aggregating $5,715,600, or an average payment of 15.375%. The minimum and maximum percentages of dividends authorized were 2.88% and 9.73%, while the smallest and largest payments involved in dividend authorizations during the month were $173,300 and $703,500, respectively. Of the two dividends authorized during the month, one was a final and partial interest payment and one was a partial interest payment.

Shipway Morris Plan V.-P.

William R. Shipway has been elected a Vice-President of the Morris Plan Bank of New York. He is head of the bank's war-contract financing division and commercial loan department.

Two Enjoined

Levan G. Smith and Warren Sears Crowell have been enjoined in Federal Court in New York from further violations of the Securities Act of 1933. The Securities and Exchange Commission had filed charges that they had made fraudulent sales of the stock of the National Bronze and Foundry Company, of which Mr. Smith is Vice-President. Smith and Crowell, the latter of whom was head of the Pilgrim Securities Corporation and a registered broker-dealer, formerly controlled the recently dissolved brokerage firm of L. G. Smith Co., Inc. The defendants consented to the final judgment.

Final Edition THURSDAY In 2 Sections – Section 2

The COMMERCIAL and FINANCIAL CHRONICLE

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Baruch Committee Urges Nation-Wide Gas Ration To Conserve Rubber—Other Restrictions

In submitting its report to President Roosevelt on Sept. 10, the Special Rubber Investigating Committee recommended nation-wide rationing of gasoline by limiting average car mileage to 5,000 miles a year for "necessary driving"; a national speed limit of 35 miles an hour for passenger cars and trucks; compulsory periodic tire inspections, and an expansion in the present synthetic rubber program to 1,100,000 tons.

The Committee also proposed an immediate reorganization of the Government's administration of the rubber program and the creation of a rubber administrator to have "full and complete authority in all matters related to rubber."

The Committee, which was appointed by the President on Aug. 6, consisted of Bernard M. Baruch, head of the War Industries Board in the last war, as Chairman; Dr. James B. Conant, President of Harvard University, and Dr. Karl T. Compton, President of Massachusetts Institute of Technology.

The report to the President begins by declaring that "we find the existing situation to be so dangerous that unless corrective measures are taken immediately this country will face both a military and civilian collapse. The naked facts present a warning that dare not be ignored."

These "significant figures" were then presented:

Crude rubber position of the United States July 1,, 1942, to Jan. 1, 1944:

On hand July 1, 1942 (stock pile), 578,000 tons.

Estimated imports July 1, 1942, to Jan. 1, 1944, 53,000 tons.

Total crude rubber, 631,000 tons.

Estimated military and other essential demands July 1, 1942, to Jan. 1, 1944, with no allowance for tires for passenger automobiles, 842,000 tons.

Deficit that must be met by production of synthetic rubber before Jan. 1, 1944, 211,000 tons.

Unless adequate new supplies (natural or artificial) can be obtained in time, the total military and export requirements alone will exhaust our crude stocks before the end of next summer.

The Committee further reported:

"Tires on civilian cars are wearing down at a rate eight times greater than they are being replaced. If this rate continues, by far the larger number of cars will be off the road next year and in 1944 there will be an all but complete collapse of the 27,000,000 passenger cars in America.

"We are faced with certainties as to demands; with grave insecurity as to supply. Therefore, this Committee conceives its first duty to be the maintenance of a rubber reserve that will keep our armed forces fighting and our essential civilian wheels turning. This can best be done by 'bulling

(Continued on page 990)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

This writer was in Berlin on the August Sunday, as we recollect it, in 1934 when Hitler came to supreme power by vote of the people. We have read a lot of propaganda since as to just how that vote made Hitler the Fuehrer. This is the experience we had in connection with it: We had been kidding, for several days, one of Hitler's smaller fry, but nevertheless one who had entree, on the bunk, as we saw it, of the election. We finally got him so incensed that he gave this writer and Ed Beatty of the United Press, who incidentally has subsequently covered all of the wars over there and who is now in London—he gave us a pass to visit the various polling booths as we saw fit.

Well, we went to a lot of them. The situation was pretty much the same as we herewith describe. This one was in a Jewish neighborhood. As one approached the place he observed a profusion of storm troopers outside. But he went on in and was given a ballot marked "Ja" and "Nien," either yes or no on the question of whether Hitler should be the Fuehrer. Well, we went into the polling booth, which seemed to give as much privacy as any American booth we have ever entered, and certainly more than obtains in a Southern primary which is the equivalent of an election. As Beatty and I inspected the booth and the ballot we could see nothing in the world wrong with them.

Then we noticed that as a man, coming out of the booth, took his ballot to the box, he was confronted by two civilians, in charge of the box, and another profusion of storm troopers at the table on which the box was placed. A

(Continued on page 993)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

INDEX

GENERAL CONTENTS

Editor's Note—Various other reports and news items, not covered in this index, appear in Section 1 of this issue, as explained in the notice given on this page.

Editorials

	Page
British Budget	986

Regular Features

Financial Situation	985
From Washington Ahead of the News	985
Moody's Bond Prices and Yields	995
Bonds Used in Corporate Yield Averages	995
Moody's Common Stock Yields	995
Items About Banks and Trust Cos.	1,000
Trading on New York Exchanges	998
NYSE Odd-Lot Trading	998
NYSE Short Interest on Aug. 31	1,000

State of Trade

General Review	986
Commodity Prices—Domestic Index	997
General Crop Report at Sept. 1	988
Carloadings	999
Weekly Engineering Construction	997
Paperboard Industry Statistics	997
Weekly Lumber Movement	998
Fertilizer Price Index	996
Weekly Coal and Coke Output	998
Weekly Steel Review	994
Moody's Daily Commodity Index	995
Weekly Crude Oil Production	997
Non-Ferrous Metals Market	999
Electric Output, Weeks Ending Sept. 5 and Sept. 12	995
Bank Debits	998
Commercial Paper Outstanding	995
Fairchild's Avge. Retail Price Index	996
Cottonseed Receipts Higher	996
Cotton Ginned From 1942 Crop	996
American Zinc Institute Summary	*
Copper Institute Summary	*
Pig Iron Production	*
Finished Steel Shipments	*
Daily and Weekly Copper, Lead and Zinc Sales	*

* These statistics omitted from "Chronicle" at direction of the War Censorship Board. (See notice on first page of Section 2 in Aug. 27, 1942, "Chronicle.")

Miscellaneous

Baruch Committee Recommendations for Rubber Conservation	985
Federal Workers Subject to Job Transfer	989
Roosevelt Warns of Economic Crisis	991
Lumber Industry on 48-Hour Week	989
Newspapers to Conduct Scrap Campaign	989
"Money and Banking 1940-1942" Study Issued	989
Voting Privileges for Service Men	939
Liquidation of Credit Agencies Forecast	991
Urges Renewal of Coffee-Sugar Futures Trading	991
Over 75% of Steel Output for War Work	991
Home Loan Financing Increased	991
Fletcher Land Bank Bonds Redeemed	991
Treasury Offers New Tax Savings Notes	992
Bars "Penalty" Pay for Sundays and Holidays	992
Business School Offers "War" Curriculum	992
Restrict Job Shifting in Western Industries	992
Rubber Pacts With Mexico, Guatemala	992
18-19 Age Group Not Subject to Draft Before Jan. 1	997
Cuba-U. S. Sign War Pact	997
Payment on Parana 7s	999
Savs.-Loan League Aids Bond Drive	1,000
Expect Sharp Increase in Bank Deposits	1,000
Chicago Home Loan Bank Advances Higher	1,000
Rayon Deliveries Increase	1,000
Revise Auto Rationing Regulations	996
Says 5,000,000 More Women Needed for War Plants	986
N. Y. Commerce Group Endorses Ruml Tax Plan	993
Roosevelt Calls for Maximum War Output	993
Canada Grants Russia Wheat Credit	993
Record Treasury Offering Closed	994
Cut N. Y., Chicago Reserve Requirements	994
Silver Users Seek Metal Release	994
Rice Loan Program	994
Seize More Enemy Holdings	995
Says Inflation Curb Needs $22 Billion Additional Taxes	987
"Bank's Stake in Wartime Arbitration"	987

THE FINANCIAL SITUATION

Some day, doubtless, some one well versed in the vagaries of the human mind will come forward with an enlightening explanation of the mental operations of that strange coterie of day dreamers and politicians who have been managing our public affairs during the past eight or ten years. Until that time, however, they will remain a mystery to the most of us. Cool, calculating, even ruthless realists in matters that have to do with practical politics, they nonetheless in their ideas of the way men act in ordinary day-to-day business life appear to live and move and have their being in a world utterly remote from anything to be found on this planet. This remarkable bifurcation of their behavior is, of course, nothing new. It has been characteristic of them from the time they came into public life, but the disconcerting fact is that it continues to be most definitely in evidence in this time of great difficulty and is seriously endangering both our war effort and our post-war welfare.

Economic Realism Needed

Let no one be deceived. Our greatest danger at this moment is not public lethargy or personal disregard of individual obligations—whatever the force of these factors—but is mismanagement in Washington and the lack of economic realism being displayed there, and a glimpse of the shape of things to come after this war is over is to be obtained not only, perhaps not even chiefly, from the outgivings of boards of planning and propaganda, but from what is being urged for today and often actually being given effect now. One has but to observe the legislation already upon the statute books, often placed there in the name of this war emergency, to find the quintessence of New Deal philospohy. One needs only to heed the expositions and the arguments of those who propose such enactments and such regulations to be placed upon notice that there is no intent that the coming of peace shall bring an end to the underlying "objectives" or the basic procedures now being adopted from day to day.

The Administration has always in season and out in-

(Continued on page 987)

Yes, But . . .

Deliveries of lend-lease supplies, which have been growing, will have to grow much larger still. We and the other United Nations need all the weapons that all of us can produce and all the men that all of us can muster. In relation to their available resources Britain and Russia have up to now produced more weapons than we have. And they are continuing to produce to the limit, in spite of the fact that Russia is a battlefield and Britain an offensive base. So far the United States has little more than passed the half way mark towards maximum possible war production. Not until we have reached the maximum—and we can do this only by stripping our civilian economy to the bone—can our fighting men and those of our allies be assured of the vastly greater quantities of weapons required to turn the tide. Not until then can the United Nations march forward together to certain victory.—President Roosevelt.

The President is, of course, correct in saying that the United Nations need more arms. No one will question his statement that we have not yet nearly reached a rate of production commensurate with our capacity. It is obvious that civilian economy must sacrifice at many points if full war production is to be attained.

But the American people are well aware of all this. They have been told about it often enough in all conscience.

What they are far less certain of is whether the production effort is being properly directed and managed. Assurance on that point can best be provided by action, not words.

Editorial—

British Budget

One important distinction of the democracies in this bitter war is governmental candor with respect to finance. The totalitarian States apparently cannot afford the luxury of permitting their subjects any knowledge of monetary affairs. German, Italian and Japanese finances were weirdly complex as these Axis countries moved toward war, and some of the most significant items in the annual accountings were simply omitted. In some cases even the pretense of public statements on budgets no longer is maintained by the out-and-out autocracies, now that they are engaged fully in the global conflict.

The British Government, like our own, makes its financial situation starkly clear, at regular intervals, now as in peace times. Sir Kingsley Wood, Chancellor of the Exchequer, made a full and illuminating statement last week, before the House of Commons. The occasion was a request for a further credit of £1,000,000,000 for meeting war costs. Early in the conflict the London authorities adopted the simple expedient of asking for credits in similar amounts. The House of Commons, as a matter of course, granted each succeeding request instantly.

In the current British fiscal year, which began April 1, three requests for £1,000,000,000 credits already have been granted, while total credits since the beginning of the war now amount to £11,050,000,000. Although taxation in the United Kingdom has risen steeply, and now accounts for nearly half the British expenditures, borrowing remains the principal means of meeting British costs. An official White Paper, also issued last week, shows that the British national debt at the end of the last fiscal year was £14,073,483,259, exclusive of £152,855,916 of special borrowings under specific enactments. On March 31, 1939, five months before the war began, the British debt was £8,163,180,285, and that figure can be accepted as very nearly the actual debt when Britain was drawn into the struggle.

The British budget, moreover, still is increasing, and fresh additions to the debt are inevitable. Sir Kingsley informed the House that daily war expenditures in the last two years have risen from £8,000,000 to £12,000,000, and the total budget has advanced in the same period from £3,884,000,000 to an estimated level of £5,286,000,000 in the current fiscal year. Such figures do not include the lend-lease aid from the United States which, as President Roosevelt revealed last Monday, now is assuming truly impressive proportions. The Chancellor referred to lend-lease in the course of his accounting, and took the stand that all United Nations outlays must be regarded as contributions to the common pool. It may be remarked, in that connection, that Britain is dispensing aid to her associates, including the United States, as well as receiving it.

That Britain looks forward to a post-war era of international cooperation was made clear by the Chancellor. The sort of mutuality expressed in lend-lease, he said, will be an "indispensable condition of an improved system of economic and monetary intercourse between countries, which is the key to prosperity and peace among nations." This is a broad statement which, it is to be hoped, will eventuate in specific proposals based upon greater realism than has been displayed by some of our own spokesmen who proclaim that milk must be placed daily on every table in the world. It is a fair assumption that Sir Kingsley and his British associates prefer international trade to international charity.

A word of caution on British expenditures was found advisable by the Chancellor, and it is equally applicable in the United States. The resources of the British State are not unlimited, Sir Kingsley said, by way of calling attention to the need for economy. Mobilization of British resources in an unprecedented fashion for war requirements does not, he remarked, make it easier to find money for other purposes. He disparaged easy assumptions that the British Government has found an "inexhaustible supply of money."

The tone and tenor of the budgetary exposition by Chancellor Sir Kingsley Wood suggest that the British financial situation, after three years of war, is much like that which already has developed in the United States. Even the contemplated war costs are roughly comparable, when relative populations and basic price and wage structures are taken into consideration. As yet, our own national debt is far more modest, when reduced to the per capita basis, but appropriations by our Congress have been on a scale that quickly will even out any such discrepancies. For better or worse, we can look forward to a further vast increase in our already unprecedented debts, and Britain faces the same grim prospect. It may be taken for granted that the totalitarian States likewise are establishing new records in debt accumulation.

A riddle of sorts thus is posed by the post-war solution of the debt problem. Available reports do not indicate that Sir Kingsley Wood delved into this matter in the course of his budgetary analysis, but he unquestionably had the problem in mind. President Roosevelt recently was reported, in the course of a press conference, to have said that the debts of the United States Government can be repaid after the war ends. Britain seems more inclined to accept the views of her popular economists who proclaim that the size of the debt matters less than the annual interest charge.

There is, of course, some historical basis for the contentions of the British economic school which scoffs at debt repayment in the sense of complete liquidation. The debts incurred by Britain in the course of the last Napoleonic wars mostly were carried along, and in the course of the last century they slipped into the background as trade expanded and the purchasing power of the pound sterling slowly decreased. There are optimists who foresee a tremendous economic uplift after the current conflict ends, and a comparable diminution of the debt problem. Such predictions offer a possible alternative to sharp currency debasement or to fresh reductions of interest rates and of debt carrying charges.

Concerning taxation, Sir Kingsley Wood remarked to the House of Commons that 45% of the British war burden now is being met from that source. This is considerably more, on a proportionate basis, than is contemplated for the United States, even under the tax bill now under consideration in Washington. But State and local government taxes, collected separately in the United States, will tend to offset any difference in the tax load that might be assumed from a comparison of national government imposts in Britain and the United States. In this, as in other financial aspects, the war is approaching totality on both sides of the Atlantic.

The State Of Trade

Business activity shows little or no let-up, most plants operating at levels much above last year, due, of course, to the war effort.

Power output for the week ended Sept. 5 amounted to 3,672,321,000 kilowatt hours, compared with 3,639,961,000 in the preceding week and 3,132,954,000 in the corresponding week a year ago, the Edison Electric Institute revealed.

The Institute pointed out that the comparable 1941 week included the Labor Day holiday, whereas this year the holiday fell one week later.

Loading of revenue freight for the week ended Sept. 5, totaled 887,960 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 11,459 cars below the preceding week this year, 90,169 cars more than the corresponding week in 1941 and 192,866 cars above the same period two years ago.

This total was 120.22% of average loadings for the corresponding week of the ten preceding years.

Steel operations this week will be stepped up to 97.2% of capacity as against 96.4% last week, according to the regular estimates of the American Iron & Steel Institute. A year ago operations of the mills also stood at capacity.

In terms of tonnage, operations this week should result in production of 1,662,200 tons as against 1,649,000 tons last week. In the corresponding 1941 week only 1,587,800 tons were produced; capacity at that time being somewhat lower than it is today.

August engineering construction reached $813,077,000 and averaged $203,269,000 for each week, according to "Engineering News-Record." On the weekly average basis, August was 16% below the average for a month ago, but climbed 53% over the value recorded for the corresponding month last year. In reaching the weekly average of $203,269,000, August became the fourth consecutive month to top the $200,000,000 mark.

Public construction declined 14% from the July average, but exceeded August, 1941, by 71%. Federal work, making up 92% of the August total, was 14% below July but rose 99% above a year ago.

Department store sales on a country-wide basis were up 25% for the week ended Sept. 5, compared with the same week a year ago, according to the Federal Reserve System.

Retail prices held unchanged during August for the second consecutive month, but scored a gain of 10.2% over the comparable 1941 month, Fairchild Publications retail price index reveals. Compared with August, 1939, the period immediately preceding the outbreak of war, the index was up 27.2%.

Less than half of the manufacturers participating in a survey of prospects for the latter half of 1942 expect to show increases in sales over the comparative 1941 period, Dun & Bradstreet announced recently. The survey revealed that producers in 40 out of every 100 industries expect a larger sales volume, that 30 of each 100 anticipate about the same business as last year, and that the remaining 30 foresee a decline in the months ahead.

In general, the most hopeful groups are makers of machinery, electrical equipment, food products and chemicals. Gloomiest, according to the survey, are manufacturers of paper, men's apparel and lumber.

As harvest activity rises to its seasonal peak, the largest market movement of crops and livestock ever seen in late summer verifies earlier indications of record production this year, the Department of Agriculture said in its recent survey of the agricultural situation.

Total volume of farm production probably will be 10% more than the previous record established last year, and 25% more than the 1935-1939 average. But demand from consumers, and from military and lend-lease buyers, has increased in even greater proportion.

Thus, although production will be more than enough to furnish consumers the products they ordinarily buy, in some instances production has not increased sufficiently to furnish consumers the quantities they will be trying to buy from their present large incomes.

National income produced in the United States reached the highest amount on record in July, rising for the fifth consecutive month to $10,680,000,000, Alexander Hamilton Institute estimated.

This compared with $10,287,000,000 in June and with the previous high record of $10,391,000,000 in October, 1941.

The July total was 25.7% larger than in the same month last year, when it amounted to $8,496,000,000. For the first seven months income amounted to $68,773,000,000, an increase of 32.1% over the $52,043,000,000 in the like period a year ago.

For the year as a whole, it is expected that income will be the largest in history, totaling about $120,000,000,000.

At least $22,000,000,000 in new taxes will have to be raised if inflation is eventually to be avoided, the National Bureau of Economic Research contends in a report, 15 months in preparation, on the over-all problems of war inflation. Present proposals of Congress and the Treasury contemplate raising only about one-third of this sum.

Total Federal imposts to be on the safe side should be no less than $40,000,000,000 for the 1943 fiscal year, the report states. New taxes at present under consideration in Congress seem unlikely to bring the total to more than $25,000,000,000. If this $15,000,000,000 gap is closed by taxation, the danger of a general breakdown of the wartime price control system will be considerably reduced, the report contends.

The stabilization resolution introduced by Senator Brown this week gives the President substantially the powers he asked to check rising farm prices and wages. The measure would permit the President to set farm price ceilings at parity or the highest prices reached between Jan. 1 and Sept. 15 of this year, whichever is the higher. It would also authorize wage and salary ceilings at the highest levels prevailing between Jan. 1 and Sept. 15. In addition, the President is directed to stabilize prices, wages, salaries and other factors affecting the cost of living as far as practicable at the Aug. 15 level.

War Plants Will Need 5 Million More Women

The creation of a Women's Policy Committee in the War Manpower Commission was recently announced by Paul V. McNutt, Chairman of the WMC, who said that one of every six women over 18 years of age not now in the labor force will be needed in the war effort.

Heading the Women's Policy Committee, which will assist the Commission in its program for recruiting and training women for war jobs, is Miss Margaret A. Hickey, owner and director of a school for secretaries in St. Louis and Vice-President of the National Federation of Business and Professional Women's Clubs.

"Increasing participation of women in our all-ourt war production effort is essential to its success," Mr. McNutt said. "War production alone employed about 1,400,000 women last December. This figure will jump to 4,500,000 by December, 1942, and will climb to 6,000,000 by the end of 1943. By then, women will represent at least 30% of the labor force employed in war production.

"Over 18,000,000 women must be gainfully employed by the end of 1943, so 5,000,000 women must be added to the total number of women now employed. This means that one out of every six women over 18 years of age that are not now in the labor force will be needed, and one out of every four housewives—perhaps one out of every three—between the ages of 18 and 44 will be employed."

THE FINANCIAL SITUATION

(Continued From First Page)

sisted that the farmer and the wage earner receive larger—and ever larger—shares of current income. While dealing harshly with Congress concerning its favoritism to agriculture, President Roosevelt comes forward with a formula which in effect guarantees, so far as the Government can guarantee, the farmer substantial improvement in his economic position as a result of the war. He promises to "stabilize" wages, but it is perfectly evident that such "stabilization," if it can be properly so termed, will pour the largest income into the pockets of the wage earner ever known in this or any other country. These rewards, he seems to think, are wise in order to insure the utmost in productivity from the tillers of the soil, the drawers of water and the hewers of wood. No one in his right senses can possibly suppose that the President or those about him will ever in peace or war willingly agree that labor or agriculture should be deprived of their "social gains."

Sauce For The Goose; The Lash For The Gander

But is the man who lives upon and works a farm a different sort of human being from the man who operates a factory or keeps a grocery store? Is the man at the work bench endowed with emotions and qualities of mind which are not found in the man who buys his labor and sells the finished product? If higher wages and better farm prices stimulate some groups to greater effort and increase production, why under the sun should we expect profitless prices and severely restricted income to stimulate other business men to more effective work? To be sure not even the day-dreamers in Washington can suppose — although their behavior at times almost suggests it—that hard work on the part of the wage earner is more needed in the war effort or more conducive to the "more abundant life" after the war than equally close attention and equally vigorous effort on the part of those other business men who plan, direct and manage.

It would appear fairly obvious that the output of the man whose livelihood depends upon his thought processes, his imagination, his ingenuity, his initiative, must suffer much more by reason of harassment, restrictions, and financial worries than that of the manual laborer. Yet it is the former who is called upon now as he has been called upon continuously since 1933 to bear the brunt of all the adversity that the Administration can heap upon them. They are the under dog in all dealings with government. They are hemmed about by all manner of restrictions. They must pay the wages that the Administration thinks are necessary to maintain the "morale" of the laborer. They are expected—and do willingly—work gruelling hours at the most arduous tasks. But they get no overtime pay. Indeed if at the end of the year they have earned sums remotely corresponding to their contribution to either defense or economic welfare they are required to hand most of it over to the Government in taxes. If they lose what they already have—it is their misfortune.

$25,000 Per Year

It is easy enough for the politicians to compare their earnings with those of the average wage earner, and thus make it appear to the unthinking that they can not possibly have any reason for complaint, but the thoughtful man will not be deceived by this type of demagoguery. He will know, of course, that in ordinary times a man should be—and by and large in the past has been—permitted a reward in proportion to his contribution to the economic welfare of us all. They will know that as a result men who under such a wholesome regime have in the past been earning substantial incomes are for the most part entrepreneurs in effect if not technically, and that in the course of their operations have entered into many commitments which they must now meet or face financial ruin. No man can reasonably be expected to produce to the best of his ability for the sake of his country or for any other purpose when faced by the necessity of making revolutionary changes in his habits of living, and perhaps by literal bankruptcy. In precisely such a situation many of our ablest business men are in danger of finding themselves today, and will find themselves if the Administration has its way, particularly in taxation. Such facts as these must not be lost to sight when the suggestion is made in the name of our war effort that no man be permitted to have more than about $25,000 per year after taxes.

One of the most unfortunate aspects of these attitudes on the part of men in public life is that they have greatly encouraged precisely the same type of unsound and unrealistic response among the people themselves. Ask a dozen chance acquaintances on the street or in a railway car what they think of this treatment of the recipients of substantial incomes and at least ten of them will reply that they see no reason why they should be disturbed by what is done to these "rich men." They will add that they themselves have always been able to get along somehow with a great deal less, and are quite willing to see these more fortunate members of society find out what it is to do without, etc., etc.

A Concern For Us All

What they fail to see is that their own safety and their own welfare are inextricably interwoven with the success of those groups which have always supplied them with jobs. No one, of course, is asking them to feel sorry for any one else. What they should understand is that for their own sake, not for that of some one else, they must give a thought to the way in which the leaders in the business world are treated. As things are now going in that respect the war effort can not fail to suffer, and the prospect of genuine prosperity after the fighting is over will be exceedingly poor. Capital, actual or potential, is being ruthlessly taxed away at the same time that every impediment is being placed in the paths of those who normally make the wheels of business go around.

At Least $22 Billion Needed In New Taxes To Prevent Inflation, Research Bureau Declares

The National Bureau of Economic Research on Sept. 14 issued a report, 15 months in preparation, on the overall problems of war-financing, indicating that new taxes of at least $22,000,000,000 will have to be raised if inflation is eventually to be avoided.

To be on the safe side total Federal tax exactions, the report submits, "should be no less than $40,000,000,000 in fiscal year 1943, whereas new taxes at present under consideration in Congress seem unlikely to bring the total to more than $25,000,000,000. If this $15,000,000,000 gap is closed by taxation, the danger of a general breakdown of the wartime price-control system will be considerably reduced."

The report has just been released in book form under the title of "Fiscal Planning for Total War." It contains a total of 364 pages, 24 tables and 10 charts and sells for $3. The authors are Professor W. L. Crum of Harvard University, Dr. John F. Fennelly of Glore, Forgan & Co., and Professor Lawrence H. Seltzer of Wayne University.

The study was carried out under the auspices of a Conference on Research in Fiscal Policy, in which research personnel of a number of universities cooperated with the National Bureau of Economic Research. Funds for financing the study were made available mainly by the special grant to the National Bureau by the Carnegie Corporation of New York.

The Government will have to find $75,000,000,000 with which to pay war bills before next July, and at least $40,000,000,00 should be raised by taxes, the report declares, because not more than $35,000,000,000 can safely be borrowed without inviting the possibility of a serious rise in the cost of living and a general "puncturing" of present established price ceilings.

Such a taxation and borrowing program, the report declares, should properly be regarded not only as a means of furnishing the Treasury with funds to fight the war. An equally patriotic purpose is served if the program can greatly restrict consumption at a time when goods are relatively scarce, and consumers have enormous sums of money available to spend; for this latter is the classic set of circumstances in which inflation gets its start.

"At a time when the use of all the readily available productive resources of the country is demanded by a major military effort," the report says, "it is not the act of buying a bond or paying a tax that constitutes the real aid to the Government: the real contribution is the curtailment of private spending by the purchaser or taxpayer. It is this curtailment that releases resources for the Government's use and that operates to prevent inflation."

One of the implications being taken from the report by tax experts who have studied it is that the Government has almost exhausted the possibilities of raising considerable further revenue from the higher income groups within the Nation.

A section analyzing taxes on corporations indicates that, after the present proposed rates are imposed, little more will be available for Federal revenues from this source.

Another section analyzes personal incomes, and estimates that in fiscal year 1943, a total of $109,000,000,000 will be paid to consumers in wages, salaries, interest and dividends.

"Of this sum $18,000,000,000 will be received by those having incomes of over $10,000 and the same total, $18,000,000,000, is received by income earners of $1,750 and less. The balance of $73,000,000,000 will be received by income earners between $1,750 and $10,000.

"Those earning over $10,000 are already so heavily taxed that even if the Government confiscated all income over $10,000 not now being taxed, not enough could be raised to pay the Nation's war bills for much more than one month.

"On the other hand, little can be taken in taxation from the $18,000,000,000 of personal income going to those earning $1,750 or less."

Accordingly, the report points out, there is no escaping the fact that it is from the large group earning $73,000,000,000 in 1943—income earners between $1,750 and $10,000 a year—that the major portion of new taxes will have to be raised, if they are to be raised.

The report analyzes numerous specific tax proposals as a contribution to the solution of this problem. It suggests a sharp increase of individual income and surtax rates and lower exemptions perhaps to $1,200 for married, $600 for single persons, and $300 for each dependent.

Deduction at source, or collection in the form of a "withholding tax" is favored, the amounts so collected to be credited against tax liability computed in the usual manner after the close of the accounting year.

The report sets forth the advantages of compulsory joint returns coupled with an additional earned income credit where both spouses report earned income.

In addition taxes paid on commodities and services and interest paid on loans which are not of a business nature should cease to be deductible.

It is not believed, however, that a heavier income tax is sufficient of itself and an increase of Social Security taxes from 2% to 5%, and broadened industrial coverage of these taxes is recommended. This proposal, it is pointed out, would result in larger benefits after the war and may be viewed as a form of compulsory savings rather than as a simple increase in the tax burden.

The report urges rates of corporate income tax similar to those in current revenue proposals, but does not favor an excess profits tax in excess of about 80%, on the ground that a higher rate leads to inefficiency and may interfere with the war effort and also make post-war readjustments more difficult.

The report argues strongly for the retention of the average earnings option, which about two-thirds of all corporations at present exercise in computing their excess profits liability, on the ground that the compulsory use of the invested capital method, as urged last year by the Treasury, would result in a tax on "high profits" rather than on "war profits." The authors believe that the public desires, and common sense calls for, an excess profits tax levied primarily on "war profits," and that the average earnings base should therefore be retained.

The case for a general sales tax is examined, but the authors say that they are unable to find conclusive arguments for or against such a proposal. They concede that it forms a quick and certain means of raising revenue, but doubt whether it could be made to yield so much as some advocates have claimed.

If Congress decides to impose a sales tax, it should be levied at the retail stage only, and might perhaps be accompanied by a system of exemptions for the very lowest income brackets. Personal income tax exemptions should be somewhat higher if a sales tax is adopted than if it is rejected, for the sales tax and heavier personal income taxes with deduction at source must be viewed in part as alternative measures.

Large sales of war bonds directly to commercial banks will still be necessary. The report points out the desirability, however, of designing the borrowing program to limit resort to direct sales to commercial banks as much as possible, since such sales will inevitably result in the creation of bank deposits that may become excessive after the war, if not during the war.

Study Banks Stake In Arbitration In War Time

The American Arbitration Association has announced that due to the number of requests for information on domestic and foreign commercial arbitration procedures from banks throughout the United States, a special memorandum on the subject has been prepared for bank officials entitled, "The Bank's Stake in Arbitration in Wartime."

As a public service, the Association has made copies available to bank officials and attorneys representing financial institutions without charge. They may be obtained at the organization's administrative offices, 9 Rockefeller Plaza, New York City.

The memorandum, which contains suggestions that have been made by bankers and counsel to banks as to the use of voluntary arbitration in the financial field, also includes reports on several inter-American controversies in which banks have had an interest.

The American Arbitration Association, now completing its 16th year of operation, is the only non-political, non-profit-making agency providing voluntary commercial arbitration facilities throughout the western hemisphere. In addition to offices in 31 of the key cities of the United States, tribunal facilities have been established in approximately 1,600 cities in this country, Canada and in the South and Central American republics.

Agricultural Department General Crop Report As Of September 1

The Crop Reporting Board of the United States Department of Agriculture made public on Sept. 10 its forecasts and estimates of the grain crop of the United States as of Sept. 1, based on reports and data furnished by crop correspondents, field statisticians and co-operating State Boards (or Departments) of Agriculture. We give below the report in part:

Crop prospects which have been outstandingly favorable for several months improved 5% during August. Present indications are for totally unprecedented crop yields per acre, 35% above the average during the 1923-1932 or "pre-drought" decade and 12% higher than in any past year (1941). Final yields may exceed present forecasts if the fall weather is favorable so that the numerous fields of late corn, soybeans, beans and other crops can mature before frost and so that the unprecedented harvesting job ahead can be completed without loss. The first week of September was quite favorable in most areas.

With average weather the final surveys are expected to show record production of grain, hay, oilseeds, beans, peas, sugar crops, fruits and vegetables, also a large crop of cotton and about average crops of potatoes, sweetpotatoes and tobacco. The high yields per acre far more than offset the 6% reduction of crop acreage as compared with the peak of 10 years ago and aggregate crop production is now expected to be 27% above the 1923-32 average, 13% higher than the former peak in 1937 and 14% higher than in 1941. With record numbers of livestock and poultry on hand, with milk and egg production continuing substantially above previous levels, with record supplies of feed grains and also of hay and forage in sight and with the best fall pastures since 1915, there seems every reason to expect the production of livestock and livestock products to continue higher than in past years until a new crop and pasture season develops. September reports on the condition of Western ranges were lower than a year ago and are markedly lower west of the Rockies and in the Southwest but reports from all States except Arizona are above the September average for the preceding 10 years. Moisture conditions in the Western Winter Wheat Belt are also highly favorable for seeding wheat this fall.

On the basis of conditions of Sept. 1 the corn crop is estimated at 3,016,000,000 bushels. This is 262,000,000 bushels more than was indicated a month ago and would exceed production in other years since the record crop of 3,071,000,000 bushels in 1920. Prospects have been improving daily as the crop gained in the race against frost. The average yield probably will be about 33.7 bushels per acre, 2 bushels higher than in any past year. Wheat was favored by excellent harvest weather in some of the spring wheat States and total wheat production is estimated at 982,000,000 bushels, a volume that has been exceeded only by the 1,009,000,000 bushel crop of 1915. The yield per acre is now expected to be 19.4 bushels. The previous high was 16.9 bushels last year. The oat crop is also threshing out above earlier expectations and is now estimated at 1,353,000,000 bushels which would make it the largest crop since 1925. The yield is averaging about 35.5 bushels per acre, the highest since 1915. Barley production is estimated at 419,000,000 bushels, the product of a near-record yield on a largely expanded acreage. Grain sorghums were helped greatly by August rains and production is estimated at 145,000,000 bushels which would exceed production in any season prior to 1941. Prospects for rice were reduced about 3% as a result of storm damage in Texas, but a record crop still is expected. If all these prospects materialze the total production of grain crops this season would reach 153,000,000 tons which would exceed the 1920 record high by 8,000,000 tons.

Present indications for each of the 4 principal oil seeds (cottonseed, soybeans, flaxseed and peanuts) are substantially higher than those of a month ago. If frosts come at about the usual dates these crops should total more than 15,000,000 tons, or 44% more than in any past year. This means not only more domestic vegetable oils to replace usual imports but also more oil meals to supplement the feed grains. The September forecasts included 6,252,000 tons of cottonseed, 211,000,000 bushels (6,344,000 tons) of soybeans, 1,465,000 tons of peanuts and 42,500,000 bushels (1,190,000 tons) of flaxseed. These quantities would represent a large, but far from record crop of cottonseed and record crops of the other 3 seeds.

Beans, needed for export and as a substitute for meat, made excellent progress in August and even allowing for the probability of some damage by frost the crop seems likely to approach 22,000,000 hundredweight bags. This is 1,000,000 bags more than seemed probable a month ago; it would be 3,000,000 more than were produced last year and nearly 40% more than production in any year prior to 1940. Dry pea production, estimated at more than 7,000,000 bags, is nearly double the production in any past year.

Estimates for sugar beets and sugar cane for sugar are about the same as a month ago and moderately higher than production in any past year. Estimates for sweetpotatoes are about 3% higher than a month ago; those for potatoes and tobacco show only nominal changes from last month and indicate about average crops as a result of very high yields on rather small acreages.

Subject to some changes after final determination of acreages harvested and production secured, the list of crops expected to set new high records for yields per acre this season makes an impressive showing. It includes corn, wheat, rye, cotton, hay, beans, peas, potatoes, several vegetables, and quite probably fruits as a group. In addition near-record yields are indicated for oats, barley, soybeans, sugar beets and tobacco. Together, these crops occupy 93% of the total crop land. Most other crops promise yields above average.

These exceptionally high yields and the high production this season are due to several distinct causes. The increase in crop yields from those of the pre-drought period is due in part to technological improvements such as increased use of hybrid corn and rust resistant wheats, improved varieties of oats and barley, heavier yielding hay crops, concentration of fruit production in the highest yielding areas, better fertilizing practices, and other improvements in methods of farming.

The progressive mechanization of farms, which is largely responsible for increasing the acreage of crops grown per man, may also be helping to increase yields through better tillage. Favorable weather has also been a factor of major importance, particularly for some crops, for some States, or for comparison with periods that include the drought years. In the group of 10 States that extends from North Dakota and Montana to Texas and New Mexico, the rainfall during the last 24 months has been 26% above normal, and 39% more per year than the average during the 1930-39 decade. Other sections of the country have suffered from periods of drought or excessive rain this season, but in most cases the periods of adverse weather have been of short duration and nearly every State expects better than average crops. On Sept. 1 the reported condition of pastures, a good indication of current growing condition, averaged slightly higher than in September, 1920, and substantially higher than in September of other years since 1915. But while both technical progress and good weather have helped to make this year's heavy production possible, it has taken more than these advantages to enable farmers to plant the increased acreage and give the extra crops the needed care, notwithstanding the scarcity of competent help, a shortage of new equipment and unusual delays in obtaining machinery parts and repairs. The heavy production is, therefore, in no small measure the result of the war demand and of the nearly universal determination of farm people to hold their part of the front. There is much that might be said in normal times against lengthening the hours of labor, working women and children in the fields, and employing workers whom city industries class as "unemployables," but on the farms this year that seems to be the only way that the work can be done.

The problem ahead will be to meet the fall labor peak of harvesting the big crops of corn, cotton, soybeans, potatoes, peanuts and other late crops. The progress made with the harvesting of other crops gives reason to expect that with average weather this can be accomplished in due season. There has been considerable loss of hay, small grains, canning tomatoes and other crops in some areas where showers were frequent at harvest time and some vegetables temporarily in oversupply have not been completely harvested; but so far, except in some limited areas, the scarcity of labor does not seem, by itself, to have prevented the harvesting of any considerable volume of crops.

Late fruit crops were favored by good weather during August and prospects for pears, grapes and commercial apples improved slightly. The peach crop was about 1% less than expected. Present indications are that the aggregate production of 8 major deciduous fruits (peaches, pears, grapes, cherries, plums, prunes, apricots and commercial apples, combined on a fresh fruit basis) will be about 2% below the large production of 1941 but 6% above the 1934-1939 average. It is too early for accurate indications as to the total volume of citrus fruits which will be available for marketing during the harvest season starting this fall (1942-43). The Sept. 1 condition of these fruits, however, points to an increase over 1941-42 which could more than offset the slight reduction indicated for other fruits, thus bringing the total fruit production above the 1941 record. Combined production of the 4 important tree nuts will be about 5% less than the large outturn of last season, but about 30% above the 10-year (1930-39) average.

Vegetables being grown for market made good although somewhat uneven progress in September and yields are expected to be higher than either last year or average. For the year as a whole the production of several vegetables, including asparagus, cabbage, carrots, celery, lettuce, spinach and tomatoes, is expected to be higher than in past years and the total tonnage grown for market will probably be 5% above the 1940 peak. The production of vegetables for canning and processing has also been very heavy and new records will be set for tomatoes, green peas, sweet corn, snap beans, and limas.

A comparison of the prospective production of late vegetables for marketing this fall with production last year shows prospective increases in supplies of snap beans, beets, cabbage, carrots, lettuce, onions and tomatoes and smaller supplies of cauliflower, celery and green peas. The production of "Domestic" type late cabbage is expected to be less than it was last year but with prospective packing of kraut reduced by limitations on cans there may be an increase in the volume of fresh cabbage available for shipment.

Corn

The largest corn crop in 22 years and the third largest on record is indicated on Sept. 1. The prospective production of 3,015,915,000 bushels for 1942 is an increase over the Aug. 1 estimate of 262,000,000 bushels, and is only 55,000,000 bushels below the record crop of 3,070,604,000 bushels produced in 1920. If present prospects materialize, this crop would be 13% larger than the 2,672,541,000 bushels produced in 1941 and 31% above the 10-year (1930-39) average of 2,307,452,000 bushels. Included in the average, however, are the severe drought years of 1934 and 1936, when production amounted to only 1,500,000,000 bushels. The indicated yield per acre on Sept. 1 is 33.7 bushels, the highest on record. It compares with 31.0 bushels produced last year and with 23.5 bushels for the 10-year, 1930-39, average.

Corn continued to make favorable progress throughout most of the country during August. The northern part of the country promised a much larger production than a month earlier. A record yield of 43.7 bushels per acre is expected in the Corn Belt where a large acreage of hybrid corn has been planted this season. However, corn is late in the northern part of the country and needs sunshine and warm, windy weather to hasten maturity as there is more than the usual danger from frost. Timely rains improved prospects in southern States.

August rains checked deterioration in South Atlantic and South Central States and were particularly beneficial to late corn, except in Texas and Louisiana where late corn was damaged by the hot, dry weather in July. The net improvement in these two regions amounted to 39,000,000 bushels since Aug. 1. All southern States, except Texas, indicate better-than-average yields with Kentucky and Tennessee showing yields more than 5 bushels per acre above average. Prospects continue very favorable in the Corn Belt. August weather was a little too cool at times in the extreme eastern and northern parts of this area and a little too dry in the extreme western edge of the Belt but nevertheless a record yield is indicated and total production promises to be the largest on record. A production of 2,270,921,000 bushels in the North Central States exceeds by 2% the previous record for this area made in 1932, and is being produced on 52,015,000 acres compared with 69,697,000 acres in 1932. The crop is late in the Corn Belt States, and it is likely that even an average date for the first killing frost will result in some soft corn. For the most part, the crop needs frost-free weather during the month of September. Corn was dented or is denting as far north as the southern counties in Minnesota, Wisconsin, and Michigan. If present prospects materialize, Iowa will harvest 56 bushels per acre—the highest yield on record for that or any other State. In this State progress was rapid in August and corn was not far behind schedule, but needed three more weeks of frost-free weather. Corn made substantial gains during the month in Illinois, Indiana, Ohio, Michigan, and Wisconsin, where prospective yields are 3 to 4.5 bushels higher than a month ago. Corn showed marked improvement in Missouri and Kansas, although some early corn was damaged badly in Missouri by hot, dry weather in July. August rainfall was short in Nebraska, causing some local damage, but moisture reserves and absence of hot winds prevented serious damage. In the three States—Kansas, Nebraska, and South Dakota—where drought has consistently reduced corn production during the past decade, the combined 1942 production is expected to be the largest since 1933. The crop continued to improve in Minnesota and the Dakotas, but much of the corn is late and needs weather that will hasten maturity.

Progress in the North Atlantic States varied during August, and the condition is somewhat spotted as it has been so far all season. There was damage from too much rain in southeast Pennsylvania, and cool weather retarded growth in the New England States. Corn made good progress in New York during August, but a large acreage is just silking in the early frost area. The crop continued to gain in the western States. In Colorado, August rainfall was light, but soil moisture reserves were ample to carry the crop.

Wheat

The indicated production of all wheat is 981,793,000 bushels—nearly 4% larger than last year's 945,937,000 bushels production, and second in size to the billion-bushel crop in 1915. The increase of 27,000,000 bushels from the Aug. 1 estimate was in spring wheat.

The indicated production of all spring wheat of 284,085,000 bushels places this year's crop 3.4% above the 274,644,000 bushel production last year, and 60% above the 10-year average. There are only 4 years of larger spring wheat production in the record from 1909 to date. Durum wheat is indicated at 42,432,000 bushels, which is 1.5% above last year's 41,800,000 bushel production. Other spring wheat production of 241,653,000 bushels is nearly 4% larger than last year's 232,844,000 bushels.

The indicated yield per acre of all spring wheat of 20.0 bushels per acre is a record, exceeding by 2 bushels the yields of 1895 and 1915. Both the durum wheat yield of 19.6 bushels and the other spring wheat yield of 20.1 bushels per acre are records. Yields were high in all important spring wheat States. No individual State records were established, but this year's yield is the highest in 47 years in North Dakota, in 41 years in Washington, and in 20 years in Minnesota, South Dakota and Montana.

Rains are interfering seriously with harvesting and threshing in North Dakota and adjacent sections of the Northern Plains States, where a considerable amount of shock threshing and combining of windrowed grain remains to be done when it is dry enough. Reports from this area indicate that some grain is sprouting and there will be lowering of quality and of yield until harvesting is completed. Outside of this area combining and threshing is practically finished.

Oats

Prospects improved 22,000,000 bushels during August and production of oats is now placed at 1,353,431,000 bushels. This is 15% larger than the 1941 crop of 1,176,107,000 bushels, and 34% above the 10-year average of 1,007,141,000 bushels. It is the largest crop since 1925.

In the North Central States, the main oats producing region, and in the Western States, yields were maintained or improved during August with the exception of Iowa, Ohio and Nevada. In most of the Eastern States, yields were down slightly.

The indicated United States yield per acre is 35.5 bushels compared with 31.0 bushels in 1941

and the 10-year average of 27.3 bushels. Yields are above average in nearly all States. There has been much discoloration by rains in the Central and Northern States. Quality is fair to good in the more Northern and Northwestern States. Combining and threshing are completed or well advanced with some exceptions, mainly the Northern Plains States where August rains have slowed progress.

Barley

The indicated production of 419,201,000 bushels of barley on Sept. 1 this year is a record crop nearly 17% above the previous record crop in 1941 of 358,709,000 bushels and 86% above the 10-year (1930-39) average of 224,970,000 bushels.

This record crop is due to the relatively high yield of 25.0 bushels on the largest acreage ever harvested. Cool, wet weather is delaying harvest in the Northern Plains States. There has been some damage from lodging and to shocked grains in the Dakotas while rust and scab affected both yields and quality in South Dakota and Minnesota. Despite these adverse factors, indicated yields in this important barley producing area are considerably above average and in both the Dakotas the crop is the largest on record. In Iowa and Nebraska, yields based on threshing returns are below earlier expectations. For the country as a whole the 1942 indicated yield is a half bushel below last year, but 4.4 bushels above the 10-year average of 20.6 bushels.

Buckwheat

Buckwheat prospects improved during August and on Sept. 1 conditions indicate a 1942 crop of 6,558,000 bushels—200,000 bushels above Aug. 1 indications. This production is 8% over the 1941 production of 6,070,000 but considerably less than the 10-year (1930-39) average production of 7,315,000 bushels. The 1942 acreage of 362,000 acres for harvest is 7% above the record low acreage of 339,000 acres in 1941, but is only 79% of the 10-year (1930-39) average acreage.

September 1 conditions indicate a yield of 18.1 bushels as compared with 17.6 bushels a month earlier and 16.0 bushels for the 10-year (1930-39) average. The crop made good progress in New York and Pennsylvania, the two important producing States. However, there is a possibility of some damage by frost in New York, Michigan, and Minnesota.

Rice

The indicated 1942 rice crop of 72,282,000 bushels is 2,000,000 bushels less than was indicated on Aug. 1, 1942. This present production forecast is 34% above last year's near record crop of 54,028,000 bushels and is 58% above the 10-year average production of 45,673,000 bushels.

In the Southern rice area, a crop of 60,858,000 bushels is now in prospect, compared with last month's forecast of 62,911,000 bushels, and a 10-year average production of 37,498,000 bushels. The lower production forecast on Sept. 1 was caused almost entirely by two hurricanes in the Texas rice area, where approximately 2,500,000 bushels were lost during August. Too much rain and cloudy weather in Louisiana has lowered yield prospects slightly of late varieties and has delayed the harvest of early varieties. Conditions in Arkansas were favorable during August, and the rice crop prospects improved. Harvest of early varieties was well under way on Sept. 1 in Texas and Louisiana, but only a few isolated fields had been harvested in Arkansas.

The production estimate for California at 11,424,000 bushels remains unchanged from the Aug. 1 forecast. The crop is late due to late planting and cool weather which has retarded development in most producing localities. Many fields are quite weedy. Harvesting is not expected to start until late September or early October.

Potatoes

The 1942 potato crop is now estimated at 378,396,000 bushels compared with 357,783,000 bushels last year and the 10-year (1930-39) average of 370,045,000 bushels. Prospects declined in the 3 Eastern surplus late potato States during August because of rather severe blight damage but improved in the Western surplus area. The net change for the month was a slight increase in prospective production.

The indicated United States yield per acre of 135.3 bushels is the highest on record and compares with 130.9 bushels in 1941, the previous high of 132.0 bushels in 1940, and the 1930-39 average of 112.6 bushels.

Growing conditions varied widely over the country during August. In Aroostook county, Maine, growth was curtailed by an extended period of dry weather. Reports indicate a good to heavy set of tubers which are still rather small in size. The early crop on Long Island, New York, yielded well but the late crop has been injured by blight. In upstate New York blight has been prevalent and there was a smaller percentage of green vines on Sept. 1 than usual. Late plantings in Pennsylvania have also been adversely affected by blight. Prospective production for these three surplus Eastern States is 3% below last year and 8% below the 10-year average.

In Michigan some damage from late blight was reported but spraying and dusting by commercial growers has held this in check. An irregular condition is noted in Minnesota with early plantings yielding well but considerable blight damage to the later crop. For the 5 surplus central States as a group, production estimates are 10% above production in 1941 but about 11% below the 1930-39 average.

In the Western surplus States the season up to Sept. 1 was quite favorable and barring heavy frost damage production well above both last year and the 10-year average is expected. The set of tubers on the late crop in Idaho is indicated to be greater than last year but tubers are smaller and killing frosts at normal dates would cut the yields rather materially. Killing frosts have already occurred in the seed districts of Teton and Fremont counties. The early potato crop in Colorado is exceptionally good, but the prevalence of blight is causing some alarm as to the final outturn of the late crop. In California reports from all commercial late potato sections indicate excellent crop prospects and where digging is in progress yields are fully up to expectations. Prospective production in the 10 surplus western States is 10% larger than in 1941 and is 17% more than the 10-year average.

Newspapers To Conduct Campaigns For Scrap

Representatives of 140 of the nation's leading newspapers met on Sept. 4 with officials of the War Production Board, the Army and the Navy, to have outlined to them the critical need for scrap material and to discuss ways of promoting its collection.

The meeting terminated with a unanimous vote, calling upon Walter Dear, President of the American Newspaper Publishers Association and publisher of the "Jersey Journal" at Jersey City, N. J., to appoint a committee to assist publishers throughout the country in initiating scrap collecting campaigns in their localities.

The meeting was presided over by Lessing J. Rosenwald, Chief of WPB's Conservation Division.

Among those taking part in the discussion were Donald M. Nelson, Chairman, WPB; Lieut. Gen. Brehon Somervell, Commanding General, Service of Supply; Vice Admiral S. M. Robinson, Chief of Bureau of Procurement and Material; and Paul Cabot, Deputy Chief of the Conservation Division. Also Henry Doorly, President, Omaha "World Herald"; his assistant, J. M. Harding; Cranston Williams, General Manager American Newspaper Publishers Association.

R. W. Wolcott, President of the Lukens Steel Corp. and Chairman of the American Industries Salvage Committee, and W. M. Jeffers, President of Union-Pacific, also entered into the discussion.

Mr. Nelson outlined war production problems and pointed out the difficulties attending the country's efforts to turn from a peace-time to a wartime economy in the shortest possible time. There may be confusion at times in small matters, he said, but the large pattern of accomplishment is there.

All the problems connected with war production are number one problems, he pointed out; among them, however, he mentioned four currently pressing ones.

First, to distribute most effectively the material we have; second, to bring into production every bit of the material we can lay our hands; third, to secure the utmost results from both plant capacity and material; fourth, to get every bit of scrap possible to insure full-time operation of war production plants.

"Of the last," he said, "I am not exaggerating in the slightest when I say it is now as important as any problem we have in this country. If we as a nation allow a single furnace to go down for lack of scrap, we should, every one of us, have a guilty conscience. The loss of 1% in our production of steel, for example, is immediately reflected in the arming and supplying of necessary material to our fighting forces."

"The effort to get in the critically needed scrap," Mr. Nelson said, "is one that demands leadership of the highest order; a leadership that should be reflected in every community in the country." Here, he indicated, was the point where the nation could look to the publishers. They were in a position to arouse every community to make an all-out effort at collecting scrap material from the industries, the farms and the homes. This they could do in complete accord with the principles of that democracy for which we are fighting. The job of collecting iron and steel scrap, 17,000,000 tons of it, in the last six months of 1942, had to be done and the American people would do it if they were brought to realize how serious it was needed and how to collect it."

"The publishers," he said, "could not only inform the public, but could assist in supplying the competent leadership every community needs to secure the return of its scrap material back into war production.

Service Men Granted Voting Privileges

Congressional action on a bill permitting service men to vote in primary and general elections for national officials without registration and without payment of poll taxes required by eight Southern States was completed on Sept. 10 and sent to the White House.

Final approval came when the Senate formally adopted a conference report, which the House had accepted the previous day (Sept. 9) by a vote of 247 to 53. The conference report contained the amendments voted into the bill by the Senate when originally passing it on Aug. 25 by a 47 to 5 count. The Senate amendments extended the absentee voting privileges to fighting men serving abroad, making the legislation applicable to primary as well as general elections, and overriding, insofar as service men are concerned, poll tax requirements of eight Southern States.

None of these provisions were included in the bill passed by the House on July 23 (referred to in these columns of July 30, page 380.)

The War Department's opposition to the provision in the bill authorizing voting by members of the armed forces and their women's auxiliaries serving outside the continental United States and Alaska was expressed by Secretary of War Stimson. Mr. Stimson said:

"The War Department desires that it be clearly understood that it offers no objection to the principle of men in the armed forces voting in any election in which they are eligible to vote.

"The Department desires, insofar as it is possible, to give such assistance and encouragement as it can to the exercise of voting rights to men in the Army, but such assistance and encouragement should not be permitted to impede military functions and might result in divulging secret information."

The refusal of the War and Navy Departments to permit transportation and distribution of "war ballots" to those in military service overseas was revealed on Sept. 14.

In reply to a request from the New York War Ballot Commission, Secretary Stimson said the "War Department cannot take measures which in its opinion would interfere with the primary functions of the military service.

"It is a matter of public information," Mr. Stimson continued, "that the transportation facilities are sorely pressed to carry weapons, munitions, food, medicine and other essential war materials overseas, and it is believed that every patriotic citizen will agree that the shipment of the essential war materials must and will have priority."

Secretary of the Navy Knox said the plan for sending ballots to Navy and Marine Corps men was "utterly impractical" because it was too late to send them by ship, and air cargo space is badly needed. He also said that security would be violated if the unit designation of the men were disclosed and the enemy could learn the composition of American forces abroad.

'Money & Banking 1940-2' League Of Nations Study

Copies of "Money and Banking, 1940-42," a League of Nations publication, are now available. This volume, prepared by the League's Economic Intelligence Service, is a compendium of the published banking and monetary statistics of the world for the period from 1938 to March, 1942. It is designed to meet the needs of bankers and students of economics who are looking for reliable and up-to-date figures concerning recent monetary and banking developments. The volume contains summarized accounts of nearly all the central and commercial banks in Continental Europe, most of which have so far not been available in the United States.

In Part I are given quarterly data on currency, banking, and money rates for some 50 countries. Part II contains annual accounts of central banks and annual aggregate balance sheets of the commercial banks of 44 countries, carried in most cases up to the end of 1941. The figures are accompanied by brief notes explaining the data given and summarizing recent legislative changes.

The publication, consisting of 202 pages, sells for $3.00. Orders are to be addressed to the International Documents Service, Columbia University Press, Box L 181, 2960 Broadway, New York City.

Grant Power To Shift Workers To War Jobs

Under authority of a Presidential Executive Order, Paul V. McNutt, Chairman of the War Manpower Commission, on Sept. 14 assumed full control over the transfer of the Federal Government's 2,300,000 employees. Mr. McNutt issued a directive authorizing the Civil Service Commission to transfer Government workers from one agency to another, without their consent or that of either agency, providing "the transfer will result in a more effective contribution to the war program."

His directive also authorizes the Civil Service Commission to transfer a Government employee to private war industry "whenever the Commission finds that the employee is qualified to perform work in a critical occupation" and provided the employee consents.

Under the President's order, which was issued Sept. 12 and becomes effective Sept. 27, transferred and released employees will be guaranteed re-employment in their former jobs, or in similar jobs, after the war, and will retain all the rights which they would have held had they remained in the former positions.

Mr. McNutt told a press conference that the Executive Order and the directive are an example of the "Government's getting its own house in order." He also said that similar power to transfer Government workers into private war industry, when necessary, "was bound to come," but added that it remains to be seen whether this pattern would be followed by the Manpower Commission in controlling the labor situation in private industry.

Arthur S. Fleming, Civil Service Commissioner, asserted that the time for "academic debate" on the Government employee transfer matter is over.

The transfer regulation changes were described as a "further move to place the Federal Government on a total war basis."

WPB Orders 48-Hour Week In Lumber Industry

To meet a lumber shortage caused in part by a shortage of available manpower in the logging camps and sawmills, War Production Board Chairman Donald M. Nelson on Sept. 11 ordered established a 48-hour work week in the lumber industry of the Pacific Northwest.

This action was taken in a telegram from Mr. Nelson to Frederick H. Brundage, Western Log and Lumber Administrator at Portland, Ore.

The WPB announcement explained:

"Approximately 100,000 men are normally employed in the logging camps of the Pacific Northwest. Enlistments in the armed services, the operation of the Selective Service Act, and higher earnings in shipyards and airplane plants have in recent months drained substantial numbers of men away from the camps, with a consequent drop in lumber production. Labor turnover in the industry now is running at more than 10% per month, and log inventories—usually at their annual peak in September—are the lowest in five years."

This action, the WPB added, is therefore a step designed to increase production by obtaining greater utilization of the labor which remains available. Under the Wage-Hour Law, workers who go from 40 hours to 48 hours per week will be paid time and one-half for the additional eight hours.

Baruch Committee Urges Nation-Wide Gas Ration To Conserve Rubber—Other Restrictions

(Continued from First Page)

through' the present gigantic synthetic program and by safeguarding jealously every ounce of rubber in the country.

"At the same time we find that rubber for necessitous civilian use has been insufficiently allocated. More must be allowed for tire replacement and recapping. That is part of the conservation program we submit. More rubber use to those who need it; less to those who don't!

"Let there be no doubt that only actual needs, not fancied wants, can, or should, be satisfied. To dissipate our stocks of rubber is to destroy one of our chief weapons of war. We have the choice!

"Discomfort or defeat. There is no middle course.

"Therefore, we recommend:

"That no speed above 35 miles an hour be permitted for passenger cars and trucks. (In this way the life of tires will be prolonged by nearly 40%.)

"That the annual average mileage per car, now estimated as 6,700, be held down to 5,000, a reduction of 25%. (This does not mean that each has a right to 5,000 miles; it applies to necessary driving.)

"That more rubber than is now given to the public be released to fully maintain, by recapping or new tires, necessary civilian driving.

"That a new rationing system of gasoline be devised, based on this 5,000 miles a year, to save tires.

"That the restrictions as to gasoline and mileage be national in their application.

"That compulsory periodic tire inspection be instituted.

"That a voluntary tire-conservation program be put into effect until gasoline rationing can be established.

"Gas rationing is the only way of saving rubber. Every way of avoiding this method was explored, but it was found to be inescapable. This must be kept in mind: The limitation in the use of gasoline is not due to shortage of that commodity—it is wholly a measure of rubber saving. That is why the restriction is to be nation-wide. Any localized measure would be unfair and futile.

"This note of optimism is permissible: If the synthetic program herein outlined will fulfill reasonable expectancy, it may be possible to lessen this curtailment before the end of 1943. But until then, any relaxation is a service to the enemy.

"In answering the questions of how much rubber do we have and where are we going to get more, the country is dependent, finally, upon the production of synthetic rubber, which, it is hoped, will reach its full swing in 1944.

"Why not earlier? Why so late? The answers to these queries lie in the past. These errors, growing out of procrastinations, indecisions, conflict of authority, clashes of personalities, lack of understanding, delays, and early non-use of known alcohol processes, are not to be recounted by us, nor shall we go into the failure to build a greater stockpile of crude rubber. We are concerned with the past record only in so far as it has seemed to us to cast light on problems of future administration.

"To prevent a recurrence of these mistakes, this Committee asks an immediate reorganization in present methods and the creation of a rubber administrator. This official will have authority over the policies governing the priceless stock of rubber now on our automobiles, the drivers of which are trustees of our national safety. He will direct the course of the technical and industrial development—wholly new to America—of the synthetic-rubber production.

"If our hopes are realized, the production of Buna-S and neoprene (the two synthetic materials on which we now rely most to replace crude rubber) will total 425,000 tons by the end of 1943. But, on the other hand, the figure might easily fall to less than half that amount if delays occur—delays of as little as 120 days. 'Bugs' may be found in plant construction or in the operation of any one of the three processes used in the manufacture of Buna-S. With 425,000 tons we should have a margin of safety, a slight one, to be sure, perhaps 100,000 tons above necessary inventories for ourselves and our allies—for the front. With only 200,000 tons of Buna-S produced, our supplies would be exhausted. The successful operation of our mechanized army would be jeopardized.

"We cannot afford to take a chance. It is better to be safe than to be sorry. We dare not depend upon unbuilt plants; upon increasing the reclamation of scrap; upon bringing the tire manufacturing capacity up to equal a theoretical synthetic production; upon other unproven factors.

"The members of this committee have full faith in the ability of American industry to lick all these problems, but there is grave uncertainty as to time. Whatever our hopes, or even our reasonable estimates, until the synthetic rubber plants are operating at capacity, and beyond, we cannot take unnecessary risks. We cannot base military offensives on rubber we do not have. All our lives and freedom are at stake in this war.

"Until synthetic comes fully to hand we recommend that sufficient reclaimed rubber, a small amount of crude and an increased supply of thiokol or other substitutes be made available for the tire replacement and recapping program, which we urge shall go into effect at once.

"Perhaps this should be said: Few believed that 90% of our normal supply of crude rubber would be cut off when Pearl Harbor was attacked Dec. 7. And only a few evaluated the situation correctly after that date!

"There are almost as many estimates of future supplies—the rubber we do not have—as there are persons and agencies concerned in this problem. It is important to bear in mind that these are only estimates—based upon great intangibles.

"How much rubber we shall get from South America, for example, depends on the shifting of nearly half a million natives into the Amazon Valley—it would be one of the great population movements of history—and on how many of them succumb to sickness and disease. It depends, too, on how successful we are in combatting the menace of Hitler's underseas raiders.

"No one can estimate with certainty the amount of scrap rubber in the United States. About 400,000 tons of scrap rubber were collected in the drive inaugurated by the President last June. This gathered scrap will yield about 300,000 tons of reclaimed rubber. It is true that nowhere near all of the scrap in the country has been collected. However, there already is on hand more than enough scrap to keep the entire reclaiming industry operating at capacity for many months. The committee is recommending measures to step up reclaiming operations to the fullest capacity and also a 20% expansion of existing reclaiming facilities. Until that is done the accumulation of huge scrap piles is an unnecessary fire and sabotage hazard which gives the committee much concern.

"Roughly, a year will be required to increase reclaiming capacity appreciably. Too, reclaimed rubber is inferior to natural rubber, and its use as a substitute for crude is limited. So again, we find that in the final analysis we are basically dependent upon synthetic rubber.

"Failure of the responsible officials to request the aid of Russia in setting up our synthetic system is a neglect for which we have not had a satisfactory explanation. The Soviet Republics have been first or second in the production of this commodity, and we are asking that their 'know how' be obtained. The Soviet has expressed a willingness always to be cooperative. Russia has lost, through the German advance, between 50,000 and 60,000 tons of its rubber-making capacity.

"Among other points to which the Committee directs attention are:

"Faulty flow of critical materials may block or delay plant construction.

"No new synthetic processes are to be substituted for those approved.

"That the present program must be expanded to 1,100,000 tons of all synthetics.

"That the road rubber (rubber actually in tires now used on passenger cars and trucks) totals 1,000,000 tons.

"In rubber, the United States must be listed as a 'have not' nation.

"Once we are secure in our position we shall be freed from a source of worry that affects the high military and other governmental figures. We shall gain that position through sacrifices. There is no royal road to victory."

With respect to mistakes of the Government's administrative organization, the Committee's digest of its report said:

"The Committee finds a number of different Government agencies with overlapping and confusing authority over the synthetic-rubber program. The conflict between the Rubber Reserve Company, a subsidiary of the Reconstruction Finance Corporation, and the Office of Petroleum Coordinator has delayed and complicated the bringing in of new facilities for the production of butadiene from oil. To make Buna-S rubber, the synthetic around which the Government's program has been built primarily, three separate kinds of plants must be erected, for producing styrene, for producing butadiene and for combining the two—polymerization is the technical term. At present the butadiene part of the program is lagging behind the styrene and polymerization capacity. Thus, any delay in getting the greatest possible butadiene production directly reduces the amount of synthetic rubber that will be produced.

"The production of synthetic rubber represents an investment exceeding $600,000,000 and is one of the most complicated technical projects ever undertaken in this country. Yet, in none of the Government agencies has there been a clearly recognized group of independent experts to make the technical decisions. Reliance has been placed on one part-time technical adviser, aided by committees drawn from industry. This technical adviser has testified that on more than one occasion he requested the appointment of an adequate technical staff, in vain. The Committee has found many evidences of procedures bordering on the chaotic in which non-technical men have made decisions without consulting with subordinates nominally in the positions of responsibility.

"There have been many adjustments in the synthetic-rubber program. Some of these were inevitable. Some appear to be the result of bad administration."

As to a complete reorganization and consolidation of the Government agencies concerned with the rubber program the Committee said these changes should include:

"(A) A directive by the President ordering the Rubber Reserve Company and all other Government agencies to act in all matters relative to the rubber program as directed by the Chairman of the War Production Board.

"(B) The appointment by the Chairman of the WPB of a rubber administrator, delegating to him full and complete authority in all matters related to rubber, including research, development, construction and operation of plants. The Chairman of the WPB should divest himself of all direct concern with these matters.

"(C) Establishment of an adequate technical staff, properly staffed under the immediate supervision of the rubber administrator, funds to be provided for these purposes.

The Committee recommended these additions to the synthetic rubber program "to add a greater margin of safety":

"A. An increase in the production of butadiene by 100,000 tons, to be obtained from a refinery conversion program, more commonly known as 'quick butadiene.' This process utilizes refinery equipment made idle by the lessened demand for gasoline and which can be brought into production in six months. Since butadiene output is lagging behind styrene and polymerization capacity, if this additional butadiene can be made available quickly enough, an additional 40,000 to 50,000 tons of synthetic rubber could be produced in the critical year of 1943. This extra butadiene, too, would furnish insurance against possible difficulties with other plants and be a stand-by capacity as a reserve for the future. To be of greatest value this butadiene should be brought into production by next spring. Delay on the part of the Government can turn this 'quick butadiene' into slow butadiene.

"B. In addition to the increase provided for through the refinery conversion program, the Committee recommends another increase of 30,000 tons of Buna-S. This should come from a plant to be erected during the latter part of 1943 to come into operation early in 1944.

"There are two advantages in delaying construction until this time. There is good reason to believe that with the completion of the present huge war construction program, the present tightness of critical materials will be less acute and facilities for fabricating and for chemical equipment will be more readily available. Second, within the next three months it will be possible to judge better as to the relative merits of two processes for making butadiene from grain which are not now in the government program — the so-called Polish process from alcohol and the butylene glycol process from grain.

"The plants for the production of this additional 30,000 tons of Buna-S by a grain-using process should be located near the grain area. Such units should preferable be operated under the control of a local group.

"The estimates of alcohol supplies and needs given us by different agencies vary considerably. If no additional alcohol is provided for the expanded rubber program we have recommended, there is a possibility that at some time in the future the production of smokeless powder and other munitions may soar and alcohol be diverted from the making of rubber. We recommend that facilities for the production of 100,000,000 gallons of alcohol be erected on sites near the grain-producing areas and accessible to water transportation. This would make it possible for molasses to be brought to the plants by barges after the war in the event that the manufacture of alcohol from grain proves uneconomical.

"In recommending this addition to our alcohol facilities, the Committee wants to make clear that it is providing only enough additional alcohol to meet the increased demands of the expanded synthetic-rubber program. The Committee is not saying that that is all the extra alcohol that may be needed for all war purposes. By the use of newly developed apparatus, these alcohol plants can be constructed with but little expenditure of critical materials.

"As a margin of safety on the military side, we recommend the construction of 20,000 tons a year of additional neoprene capacity.

"Neoprene is the one synthetic rubber which has been shown to be the full equivalent in quality to natural rubber for combat and heavy-duty tires, either by itself or in combination with Buna-S. The relative high cost of neoprene in terms of critical materials and electric-power needs is offset by the fact that it is an insurance against the possibility that our imports of natural rubber, already reduced, may be cut off or that the production of Buna-S in 1943 be delayed, forcing us to cut too deeply into our crude stockpile.

"The War Production Board has fixed the total annual output of Buna-S rubber at 705,000 tons for the United States. The Committee recommends that this ceiling be raised by 140,000 tons to 845,000 tons. Additional styrene and polymerization capacity should be built, as necessary, to take care of the increased production of butadiene. This expansion should be directed to produce the maximum possible amount of Buna-S before Jan. 1, 1944.

"In addition to Buna-S, the expanded program recommended by the Committee calls for 69,000 tons of neoprene, 60,000 tons of thiokol, 132,000 tons of butyl, with other synthetics like flexon being added to the program if they can be brought in during 1943 after being adequately tested."

In concluding its summary of findings and recommendations, the Committee pointed out:

"Never before has this country embarked on an undertaking comparable to the development of the synthetic-rubber program. It is not only an ambitious technical project that must be rushed to completion at breakneck speed, but in large measure it is a new political and economic undertaking. It seems to us of vital importance that this program be managed in a spirit of the fullest competition and interchange of information among all groups. On the one hand there should be the most complete interchange of information, and on the other, as much competition in research, development and operation as possible. Such, after all, are the conditions in the field of laboratory science where during the last hundred years such tremendous strides have been made — cooperation and competition going hand in hand.

"Nor is the Committee unaware that the production of synthetic rubber is potentially a large new post-war industry and that different groups will be contesting for a share in this post-war industry. This struggle should not be allowed to obscure the basic facts of our situation as regards the war and rubber. No matter what processes were provided in the program, there would be the same uncertainties as to the future, the same huge requirements, the same threat to our essential civilian economy, and the same necessity for conserving the rubber we have until our new rubber comes in.

"The Committee recognizes that there still is room for reasonable scientific disagreement over many of the processes for making rubber that are being developed. It is quite possible, even likely, that before much of the synthetic rubber now planned is produced, better processes will have proved themselves. In any new industry

the processes of today are outmoded by the processes of tomorrow and tomorrow's by those of the next day. However, our need for rubber quickly is too great to wait upon perfection, and if this Committee were to advise the newly appointed rubber administrator it would say: 'Bull the present program through.'

"In drawing up these recommendations the Committee has sought to find a basis upon which the entire nation can go forward together, uniting our energies against the enemy instead of dissipating them in domestic wrangling. It appreciates that it is asking the public to make sacrifices because of mistakes that have been made and for which the people are not to blame. But wrong things done in the past cannot be cited as a defense for making mistakes in the future. The war demands that we do these things. Victory can be won in no other way."

Appointment of this Committee was reported in these columns of Aug. 13, page 543.

Fletcher Joint Stock Land Bank Bonds Called

Directors of Fletcher Joint Stock Land Bank have called for payment Nov. 1 $316,000 of Fletcher Joint Stock Land Bank 1% bonds dated Nov. 1, 1939, due May 1, 1943, and callable May 1, 1941, or at later interest periods.

William B. Schiltges, President of the Bank, has received approval for the call from the Federal Farm Credit Administration and the payments in retirement of the bonds will be made at Fletcher Trust Co., Indianapolis, the Guaranty Trust Co. of New York and the City National Bank and Trust Co. of Chicago.

The original issue of these 1% bonds was $500,000, of which $84,000 had been previously retired.

Following completion of the current call for payment, there will remain outstanding $100,000 of bonds of this issue and $2,755,000 of other bonds of the joint stock bank.

President Warns Of Grave Economic Crisis

President Roosevelt told the nation in a radio address on Sept. 7 of the urgency of the "serious domestic economic crisis" threatening the country and explained why he had called on Congress for legislation to hold down the cost of living. The President had earlier in the day sent to Congress a message demanding legislation by Oct. 1 to bring farm prices under control.

Mr. Roosevelt gave the solemn assurance that failure to solve the economic problems at home—and to solve them now—"will make more difficult the winning of the war." He stated:

"If the vicious spiral of inflation ever gets under way, the whole economic system will stagger. Prices and wages will go up so rapidly that the entire production program will be endangered. The cost of the war, paid by taxpayers, will jump beyond all present calculations. It will mean an uncontrollable rise in prices and in wages which can result in raising the over-all cost of living as high as another 20%. That would mean that the purchasing power of every dollar you have in your pay envelope, or in the bank, or included in your insurance policy or your pension would be reduced to about 80 cents. I need not tell you that this would have a demoralizing effect on our people, soldiers and civilians alike."

Pointing out that "over-all stabilization of prices, salaries, wages and profits is necessary to the continued increasing production of planes and tanks and ships and guns," the President went on to relate the various points of his message to Congress.

Mr. Roosevelt's radio address also contained a brief summary of the progress of the global war on the four main areas of combat—the Russian front, the Pacific Ocean area, the Mediterranean and the Middle East and the European area. He promised the American people that "we shall neglect none of the four great theatres of war" and said that vital military decisions—all directed toward taking the offensive—have been made and will be known in due time."

Declaring that "this is the toughest war of all time," the President said it will cost the nation $100,000,000,000 in 1943 and thousands of lives. He called on the people to make sacrifices to meet the "unprecedented challenge."

Summarizing the situation on the four major battle fronts, Mr. Roosevelt said:

"(1) The Russian front. Here the Germans are still unable to gain the smashing victory which, almost a year ago, Hitler announced he had already achieved. Germany has been able to capture important Russian territory. Nevertheless, Hitler has been unable to destroy a single Russian army; and this, you may be sure, has been, and still is, his main objective. Millions of German troops seem doomed to pass another cruel and bitter winter on the Russian front. The Russians are killing more Nazis and destroying more airplanes and tanks than are being smashed on any other front. They are fighting not only bravely but brilliantly. In spite of any setbacks, Russia will hold out, and with the help of her Allies will ultimately drive every Nazi from her soil.

"(2) The Pacific Ocean area. This area must be grouped together as a whole—every part of it, land and sea. We have stopped one major Japanese offensive, and have inflicted heavy losses on their fleet. But they still possess great strength; they seek to keep the initiative; and they will undoubtedly strike hard again. We must not overrate the importance of our successes in the Solomon Islands, though we may be proud of the skill with which these local operations were conducted. At the same time, we need not underrate the significance of our victory at Midway. There we stopped the major Japanese offensive.

"(3) In the Mediterranean and the Middle East area the British, together with the South Africans, Australians, New Zealanders, Indian troops and others of the United Nations, including ourselves, are fighting a desperate battle with the Germans and Italians. The Axis powers are fighting to gain control of that area, dominate the Mediterranean and Indian Ocean and gain contact with the Japanese Navy. The battle is now joined. We are well aware of our danger, but we are hopeful of the outcome.

"(4) The European area. Here the aim is an offensive against Germany. There are at least a dozen different points at which attacks can be launched. You, of course, do not expect me to give details of future plans, but you can rest assured that preparations are being made here and in Britain toward this purpose. The power of Germany must be broken on the battlefields of Europe."

Urges Again Trading In Coffee-Sugar Futures

William B. Craig, President of the New York Coffee and Sugar Exchange, in a letter addressed Sept. 11 to President Roosevelt and to the heads of a number of official agencies of the Government, called for an early resumption of futures trading in coffee and sugar. Mr. Craig pointed out that only the stringent shipping conditions in these two commodities are keeping prices at their ceiling levels and that continued and, in certain instances, increased production are building up huge reservoirs of these products at their places of origin. He suggested that a clarification of the shipping situation, when it comes, will result in a competitive situation in these commodities in which the utilization of the facilities of the Exchange will be of invaluable assistance. Mr. Craig recommended that all of the Government agencies having to do with these two staples make plans to use the facilities of the Exchange at the earliest possible moment in order to avoid violent repercussions pricewise. At the same time, he offered the services of a committee of coffee and sugar experts from among the membership of the Exchange to serve in connection with sugar and coffee problems.

Liquidation of Many Credit Agencies Seen

Total short term consumer debt during 1942 is expected to decline about $3,500,000,000 because of curtailment of consumer durable goods and credit restrictions, the Department of Commerce predicted on Sept. 8. Total consumer instalment debt was reduced by more than $1,500,000,000 during the first six months of 1942, the Department pointed out. The possible liquidation of an additional $1,250,000,000, plus the expected decline in short-term consumer debt other than instalment debt, such as retail charge accounts and single-payment commercial bank loans, account for the remainder of the expected total reduction of $3,500,000,000.

The tremendous decline in total consumer short-term debt will have far-reaching effects upon consumer financing institutions, the Department said, adding that as a result, many credit agencies may be forced to liquidate, particularly small cash loan companies.

While saying that a reduction in consumer debt is deflationary in character, the Department pointed out that its full effects can only be achieved through the co-ordination of all anti-inflationary policies.

The Department further warned that if liquidations of consumer credit agencies in general reach large proportions post-war revival of the consumer durables market may be hampered somewhat.

The Commerce Department report added:

"Actual extent of this potential retardation necessarily will depend upon the Government's fiscal measures for financing the war and for controlling inflation, which will determine the amount of idle cash savings consumers will have on hand when the war ends.

"Most seriously affected to date are sales finance companies whose principal source of revenue has been in receivables arising from instalment sales of automobile dealers. Since the beginning of September, 1941, sales finance company holdings of retail automobile receivables have been cut in half. By the middle of 1943 such holdings will be practically non-existent.

"The decline in the receivables of sales finance companies, particularly larger concerns, has been cushioned to some extent by an equal reduction in their borrowing from banks and from the commercial paper market. However, by the end of the year many of these companies will be faced with idle resources and their continuation in business can only be assured by securing new outlets for their funds.

"The largest companies are now doing their utmost to engage in direct war financing. In addition to making loans to finance the war efforts of industry, these companies are in some cases using their funds to buy out manufacturing companies engaged in war work. Only through such diversification of activities and employment of their resources will the facilities of these credit agencies still be available for the post-war period.

"Commercial banks rank second in holdings of retail instalment receivables. Liquidation of these holdings in addition to the repayment of loans extended to consumer credit agencies will free needed funds for financing the war effort. Commercial banks have only recently entered the consumer credit field and consequently their holdings of such instalment paper amount to a relatively small proportion of their total assets and their overall operations will not be drastically affected."

Over 75% of Steel Output Going To War Use

More than 75% of the nation's steel output of 5,300,000 tons a month now is going into direct war use and the remainder into such essential industries as railroads, machinery manufacture, and the like, David F. Austin, Acting Chief of the Iron and Steel Branch of the War Production Board, reported on Sept. 10.

Eighty per cent of our steel is being delivered on ratings of A-1-a or higher, the report said.

The 5,300,000 tons a month currently being delivered represents finished steel products, a reduction of approximately 30% from ingot production of more than 7,000,000 tons. In terms of plates and shapes, sheets, bars, pipe, wire, rails, and the like, the United States this year will turn out about 62,000,000 tons. This is slightly more than 70% of the 86,000,000 ingot tons the nation is expected to produce. The remaining 30% goes back into the furnaces in the form of scrap.

This is the way the nation's ingot production has grown since 1939:

1939..52,798,714 net tons
1940..66,982,686 " "
1941..82,927,557 " "
1942..86,000,000 " " (estimated)

To make this increased production possible, steel-making capacity, that is, rated capacity as distinct from actual production, has been stepped up correspondingly. At the end of 1939, it was 81,000,000 tons; 1940, 84,000,000; 1941, $88,000,000. By the end of 1942 capacity probably will reach 93,000,000 tons and by mid-1943, 98,000,000.

Current production is far ahead of the best the Axis nations can do, including the German-controlled countries of Europe. Axis steel production was approximately 74,000,000 ingot tons in 1941. The United Nations that same year controlled more than 65% of the world's steel output.

The WPB report gave this breakdown of where some of the 5,000,000 tons of finished steel a month goes:

Into tanks: It takes about 38 tons of steel to make a medium tank and the United States is turning out a lot of them.

Into ships: Present goals are for 8,000,000 tons of dead-weight shipping this year and 16,000,000 tons in 1943. Each cargo ship of the Liberty type now being made in quantity under direction of the Maritime Commission calls for approximately 4,500 tons of rough steel. Current production is around 70 ships a month.

Into planes: The big four-engine bombers take 15 tons of steel each. Fighter planes take 3½ tons and the other types fall in between.

Into guns: Some of our anti-aircraft guns use up 14 tons of steel each; thousands of rifles, machine guns, anti-tank guns, and howitzers use steel, all the way up to the giant 16-inchers that take 576 tons of steel each.

The report further states:

"But that's just a part of the program, even of the direct military program. Thousands of additional tons of steel are going into naval ships, airplane carriers, submarines, destroyers; into peeps and jeeps and armored cars and trucks; into ammunition and aerial bombs (it takes half a ton of steel to make one of the 2,000-pound bombs the British have been dumping on German cities lately); into bayonets and helmets and radio equipment and the thousand and one odds and ends that accompany a modern army into war.

"Then, of course, all over the country and in many parts of the world the United States is building barracks for soldiers and these buildings require some steel even when they are built of wood. We devoted 55,000 tons of steel a month to nails in 1940. This year that is being upped to 72,000 tons.

"Then there are hangars for airplanes and machine shops to repair them; submarine nets for harbors; steel for Dutch Harbor, steel for Eritrea, steel for the British, steel for the Russians, steel around the world.

"Nevertheless, most of the steel has to stay at home. While production of automobiles and refrigerators and a thousand other articles for civilian use has been stopped, steel to build synthetic rubber plants, aviation gasoline plants, new chemical plants, new steel plants, new aluminum plants and new airplane plants, is necessary. There's a lot of steel in Willow Run. We have to continue to make machine tools and mining machinery and we cannot cut off completely the supplies of steel to the railroads, the oil industry, the farm machinery manufacturers, the utility companies and other essential industries. They are not getting much steel these days, but they do have to have some.

"The problem of steel, then, is one of proper scheduling and planning in order to come out even on a well-balanced war production program, based upon the amount of material available. We want to make just as many tank guns as we need for tanks, no more and no less. And that goes for everything else.

"Scheduling has been a tough problem so far. After Pearl Harbor we roared out to make all of everything we could. We stopped the production of civilian articles so there was plenty of steel available for every factory for a while. Now the time has come when the program must be brought into balance. It's just now that we must make our 5,000,000 tons of production fit a demand of around 9,000,000 tons a month."

Home-Financing Up

An 11% increase in loans for new construction — still small in volume but temporarily reversing a downward trend of several months — marked the $95,797,000 home-financing activities of savings and loan associations in July, the Federal Home Loan Bank Administration reported on Sept. 12.

The total lending volume for savings and loan associations in July rose 2% above figures for June, at a time when a 7% drop ordinarily is expected. July activity was 34% above that for the average 1935-1939 period, though far below that for July, 1941, when total loans amounted to $132,972,000.

July construction loans of savings and loan associations totaled $17,709,000, with the Pittsburgh, Winston-Salem, Topeka and Los Angeles Federal Home Loan Bank Districts showing increases over June. Loans for home purchase totaled $52,190,000, almost the identical volume for June.

Member institutions of the Federal Home Loan Bank System, national credit reserve for thrift and home-financing institutions, have advanced nearly 85% of the $627,604,000 loaned by all savings and loan associations during the first seven months of 1942. The seven-months' total was 20.2% below the $786,128,000 loaned by savings and loan associations in the same period of 1941.

Tax Savings Notes Of New Series Offered

Secretary of the Treasury Morgenthau announced on Sept. 14 changes in the terms of the Treasury Tax Saxings Notes, which have been on sale since Aug. 1, 1941, for the convenience of taxpayers and which are receivable at par and accrued interest in payment of Federal income, estate and gift taxes.

The changes are effective in new Treasury Notes of Tax Series A-1945 and Tax Series C-1945, which will be offered for sale beginning Sept. 14, although the new notes will not be ready for delivery before the latter part of the month. The notes of Tax Series A-1944 and Tax Series B-1944, which have been available since Jan. 1, 1942, were withdrawn from sale at the close of business Sept. 12.

The Treasury's announcement added:

"The new notes of Tax Series C are adaptable for dual purposes: (1) for the accumulation of tax reserves and (2) for the temporary or short-term investment of cash balances which are at present idle. This new series of Treasury Notes, the Secretary said, will furnish a security well adapted to corporations and other investors for the mobilization of their idle funds for the war program. The new terms provide greater flexibility, and, through provision for cash redemption with interest, permit holders of Tax Series C notes to realize on the notes without loss of interest.

"Members of the Victory Fund Committees in the twelve Federal Reserve Districts, with a trained securities sales personnel, will participate actively in the sale of the new Tax Savings Notes. Each Federal Reserve District Committee is headed by the President of the Federal Reserve Bank of the District. Members of Victory Fund Committees, as well as bankers and securities salesmen generally, will have complete information and application forms and will assist taxpayers and other investors desiring to purchase these notes.

"The notes of Tax Series A-1945, like those of prior Series A notes, are intended primarily for the smaller taxpayer. The new notes will be dated Sept. 1, 1942, and will mature Sept. 1, 1945, thus providing a maturity of three rather than two years from issue date. The limitation on the principal amount that may be presented on account of any one taxpayer's liability for each class of taxes (income, estate or gift) for each taxable period has been raised from $1,200 to $5,000. The new limitation will also apply to prior Tax Series A-1943 and A-1944, or to any combination of the three series. In other respects the terms of notes of Tax Series A-1945 remain the same as those of A-1944. Interest will accrue (from September, 1942) at the rate of 16 cents per month per $100, equivalent to a yield of approximately 1.92% per annum. The notes will be issued at par and accrued interest. If not presented in payment of taxes, the notes will be redeemed at the purchase price only, either at or before maturity, without advance notice. The notes will be available in the denominations of $25, $50, $100, $500, $1,000 and $5,000.

"The new notes of Tax Series C will be dated as of the first day of the month in which purchased, will mature three years thereafter, and they will be issued at par. Interest on the notes will accrue each month from month of issue, on a graduated scale, the equivalent yield if held to maturity being approximately 1.07% per annum. The amount of accrual each month on each $1,000 principal amount of notes, from month of issue to month of maturity, follows:

Half-year Periods After Month of Issue—	Interest Accrual Each Month per $1,000	$1,000 Principal with Interest Accrual (Cumulative) to End of Period Added
First ½ year	$0.50	$1,003.00
½ to 1 year	0.80	1,007.80
1 to 1½ years	0.90	1,013.20
1½ to 2 years	1.00	1,019.20
2 to 2½ years	1.10	1,025.80
2½ to 3 years	1.10	1,032.40

"If not presented in payment of taxes, and except for those in the names of banks that accept demand deposits, the notes of Tax Series C will be redeemable at par and accrued interest, either at maturity or, on 30 days' advance notice, during and after the sixth calendar month after the month of issue. If inscribed in the name of a bank that accepts demand deposits, the notes will be accepted at par and accrued interest in payment of taxes, but redeemed for cash at or before maturity only at the purchase price, or par. The notes of this series may be pledged with banking institutions as collateral for loans but no other hypothecation will be recognized by the Treasury Department.

"The new Treasury Tax Savings Notes, like those of prior series, will be issued only by the Federal Reserve Banks and Branches, and the Treasury Department, Washington."

Bars Double-Time Pay For Week-End Work

President Roosevelt signed an executive order on Sept. 9 eliminating the payment of "penalty" double-time for work on Saturday, Sunday or holidays falling within the regular forty-hour week.

The order permits payment of double-time for the seventh consecutive day of work for any individual, to encourage, "in the interest of efficiency one day of rest in seven."

The order also permits payment of time and a half for all overtime work after 40 hours "as provided in the Fair Labor Standards Act and in some union agreements."

The White House said the order was in line with pledges given Mr. Roosevelt by William Green, President of the American Federation of Labor, and by Philip Murray, President of the Congress of Industrial Organizations.

The text of the White House announcement follows:

"The President today signed an executive order doing away with penalty double-time payment for Sunday work in line with the pledges given him by Mr. William Green, President of the American Federation of Labor, and Mr. Philip Murray, President of the Congress of Industrial Organizations.

"Many unions have already modified their contracts to put this pledge into effect and in order to make the practice universal the order has been issued.

"The order provides that no penalty overtime shall be paid for work on Sundays, Saturdays and holidays as such. It permits in lieu of payment for Sunday work, which has sometimes interfered with 'around-the-clock' operations, payment of double-time for the seventh consecutive day of work for any individual, thus encouraging in the interest of efficiency one day of rest in seven. The order permits payment of time and a half for all overtime work after 40 hours as provided in the Fair Labor Standards Act and in some union agreements."

The President's executive order is as follows:

Regulations relating to overtime wage compensation:

Whereas, many labor organizations have already adopted the patriotic policy of waiving double-time wage compensation or other premium pay for work on Saturday, Sunday and Holidays, as such, for the duration of the war; and

Whereas, it is desirable and necessary in the prosecution of the war, and to insure uniformity and fair treatment for those labor organizations, employers, and employees who are conforming to such wage policies that this principle be universally adopted;

Now, therefore, by virtue of the authority vested in me by the Constitution and the statutes, as President of the United States and as Commander-in-Chief of the Army and Navy, it is hereby ordered:

I. That the following principles and regulations shall apply for the duration of the war to the payment of premium and overtime wage compensation on all work relating to the prosecution of the war:

A. No premium wage or extra compensation shall be paid to any employee in the United States, its territories or possessions, for work on Saturday or Sunday except where such work is performed by the employee on the sixth or seventh day worked in his regularly scheduled work-week and as hereinafter provided.

(1) Where because of emergency conditions an employee is required to work for seven consecutive days in any regularly scheduled work-week a premium wage of double-time compensation shall be paid for work on the seventh day.

(2) Where required by the provisions of law or employment contracts, not more than time and one-half wage compensation shall be paid for work in excess of eight hours in any day or forty hours in any work-week or for work performed on the sixth day worked in any regularly scheduled work-week.

B. No premium wage or extra compensation shall be paid for work on customary holidays except that time and one-half wage compensation shall be paid for work performed on any of the following holidays only:

New Year's Day

Labor Day

Thanksgiving Day

Christmas Day and either Memorial Day or one other such holiday of greater local importance.

II. All Federal departments and agencies shall conform the provisions in all existing and future contracts negotiated, executed, or supervised by them to the policies of this order. All such departments and agencies shall immediately open negotiations to alter provisions in existing contracts to conform them to the requirements of this order.

III. Nothing in this order shall be construed as requiring a modification of the principle that every employee should have at least one day of rest in every seven days. The continuous operation of plants and machines in prosecuting the war does not require that employees should work seven consecutive days.

IV. Nothing herein shall be construed as superseding or in conflict with the provisions of the statues prescribing the compensation, hours of work and other conditions of employment of employees of the United States.

V. All Federal departments and agencies affected by this order shall refer to the Secretary of Labor for determination of questions of interpretation and application arising hereunder.

VI. The provisions of this order shall become effective Oct. 1, 1942.

FRANKLIN D. ROOSEVELT.

Sept. 9, 1942.

New "War" Curriculum At Business School

Adapted to "a war of civilian and military specialists," the 1942-'43 curriculum of the Columbia University School of Business will emphasize new fields of training for women, prospective draftees, and adults who wish to transfer to essential war occupations, according to an announcement by Dean Robert D. Calkins.

"We must train women to replace men in business," Dean Calkins asserts. The coming academic term, opening Sept. 23, will be devoted to meeting "the serious shortages" which exist among accountants, personnel specialists, industrial management specialists, statisticians, economists, geographers, and teachers, Dean Calkins says.

"We must give useful specialist's training to those destined to join the armed forces," he continues. "We must re-train adults not destined for military service to assist their transfer from declining peace time activities to essential war work. We must do all in our power to fill the gaps requiring business and economics training as rapidly as possible."

Refresher or re-training courses for adults will be available on a full or part-time basis, and the content and emphasis of the Business School studies will be altered to meet current needs, according to Dean Calkins.

Courses in economics, geography, industrial relations, accounting, agriculture and finance have been coordinated with the needs of the war effort, the announcement says.

WMC Bars Job Shifting In Western Lumber-Metal Industries

Paul V. McNutt, Chairman of the War Manpower Commission, announced on Sept. 7 an employment stabilization plan, designating 12 Western States as a "critical labor area and virtually 'freezing' in their jobs workers in the nonferrous metal and lumber industries."

The order, affecting approximately 200,000 workers, provides that employees of such industries may not seek jobs elsewhere without obtaining "certificates of separation" from the U. S. Employment Service.

Mr. McNutt designated the States of Arizona, Colorado, Idaho, Montana, Utah, Wyoming, California, Nevada, Oregon, Washington, New Mexico, and Texas.

The plan, designed to halt wasteful pirating and migration of workers engaged in the production of essential non-ferrous metals and lumber, sets up appeal machinery to safeguard the interests of employers and workers, including those who apply for employment in designated industries and are rejected.

The plan, which a WMC spokesman insisted does not "freeze" labor, provides, nevertheless, that except under certain specified conditions workers in the affected industries may not transfer to outside jobs, nor may employers in those industries release workers for other jobs, without first obtaining the certificate. No employer in the 12 States, whether engaged in essential or non-essential production, may hire any worker from the industries involved except on presentation of a certificate.

The order does not prohibit men from moving from job to job in the same plant or from receiving promotions, it was explained, nor is it expected to work unnecessary hardships.

The order provides that the following five circumstances may be considered "good ground" for a worker to obtain a separation certificate:

When he is able to perform higher skilled work than his employer is able or willing to provide;

When his work for a substantial period is not full time;

When the distance from his home to his job is "unreasonably great," considering restrictions on gasoline and tires and the load on transportation systems;

When he has "compelling personal reasons" for seeking a change;

When he is employed "at wages or under working conditions substantially less favorable" than those prevailing in the community for the kind of work on which he is employed.

Besides the logging and lumbering industries, workers are affected in the mining, smelting, milling, and refining of non-ferrous metals such as copper, aluminum, zinc, magnesium, lead, mercury, manganese, tungsten and molybdenum.

Explaining the urgent need for the plan, which will remain in force three months before review, Mr. McNutt said that estimated lumber production this year will fall between 5,000,000 and 7,000,000 board feet below the 1941 output of about 36,000,000 board feet. Critical shortages exist in spruce, noble fir, Douglas fir, hemlock and Idaho white pine. Spruce and other lumber are being channeled into aircraft and other war uses by the War Production Board.

Mr. McNutt said also that log inventories, usually at their peak in September, are the lowest in five years. In the Columbia River-Puget Sound area, workers have been lost to shipyards, and the labor turnover is 10% a month.

Copper production, Mr. McNutt added, fell off 11,000 tons in June and July, mostly for lack of workers. In the four-month period ending July 15, twenty-eight copper mines employing 31,000 workers hired 5,600 and lost 6,200. Increased need for copper requirements will require 6,700 more workers by the year end.

Labor needs in aluminum production, Mr. McNutt further said, are indicated by the fact that in the State of Washington, at one point, only one pot line in three is in operation. The present loss of output due to the two inactive lines is about 200,000 pounds of aluminum a day.

An ordnance plant in Utah, which had attracted workers from copper mines, recently had to reduce its own output for lack of copper.

Mr. McNutt emphasized that the order would not affect collective-bargaining agreements.

Sign Rubber Agreements With Mexico, Guatemala

The State Department in Washington announced on Sept. 9 the signing of an agreement with Mexico under which the United States will buy until Dec. 31, 1946, "any exportable surplus" of that country's tree rubber and all its guayule and other plant rubber production.

The Department also announced the signing of a pact with Guatemala for the purchase of all that country's rubber not required for essential domestic purchases. The agreement will run until Dec. 31, 1946.

These two pacts raise to 14 the number of Latin American republics that have concluded rubber agreements with the Rubber Reserve Co., a subsidiary of the Reconstruction Finance Corp.

Under the terms of the Mexican agreement the Rubber Reserve Co. will establish a "substantial development" fund to obtain maximum production of wild rubber in Mexico.

A provision also was included "with respect to the limitation of use of rubber products in Mexico." There was no explanation of this in the Department's announcement.

From Washington

(Continued from First Page)

voter handed his ballot to the man at the box and this man, with the storm troopers glaring, held it up to the light and then deposited it in the box. Ah, said Beatty and I, that is the trick. Whereupon, we took a ballot and held it up to the light, and, search as we might, we could detect nothing. I can't speak for Beatty, or rather, I shouldn't, but I came away with the distinct impression that the Germans had a free vote and perhaps didn't know it. There was unquestionably intimidation everywhere.

But what strikes me as particularly important right at this time, is that some 80%, if I still remember correctly, voted. They were brought in on stretchers to vote, undoubtedly there was intimidation in this. But they voted.

Now, what do we see in a country that is howling about the preservation of democracy? Less than, certainly not more than, 20% of the people have participated in the various primaries. This means that 80% of the people, approximately, did not go to the polls to support a fellow who was isolationist before Pearl Harbor or who was interventionist, a fellow who claimed the support of Roosevelt or claimed he would not be a rubber stamp of him. About the only thing the primaries reveal is that the voters are not interested. The headline: "Light primary vote" has been the order of the day.

There was a time when our politicians, men like George Norris of Nebraska, made much of the fact that bosses selected the rival candidates. To break this up, George and his crowd brought about the direct primary. George in the ebb tide of his life must frequently ask himself just how he has served the American people.

The bosses still select our candidates in the primaries, and what must vex a man like George, the great pleader of popular government, they still largely prevail in our elections.

But notwithstanding this, we will still fare forth to sell the rest of the world on democracy, on representative government.

We do this, in spite of the fact that our whole trend is towards more and more of one man government. Mr. Roosevelt knew quite well that he would be applauded by the editors when he issued his inflation manifesto to Congress. Even such conservative writers as David Lawrence applauded him. Subsequently, the real story has been given some circulation—the fact that it has been Mr. Roosevelt who has been holding up anti-inflation legislation all along. It was quite manifest in this instance to informed Washington correspondents that the real purpose of the President's "show of strength" was really to divert the responsibility from him. It is another example of his so-called astuteness, and also another evidence of the fact that he is not averse to helping in the general undermining of the legislative body.

Canada Grants Russia Credit For Wheat

The signing of a Canadian-Russian credit agreement, under which Russia will be able to draw about 9,000,000 bushels of Canadian wheat and flour, was signed on Sept. 7 in London by Vincent Massey, Canadian High Commissioner to the United Kingdom, and Ivan Maisky, Soviet Ambassador to London.

The credit was understood to approximate $10,000,000 and was believed to be in the nature of an interim loan which may be increased later if Russia is unable to feed its own people with its own supplies or with wheat delivered under the country's lend-lease agreement with the United States, according to the Associated Press.

State Chamber Endorses Ruml Tax Plan

The Ruml pay-as-you-go plan for the payment of income taxes was unanimously and enthusiastically endorsed by the Chamber of Commerce of the State of New York on Sept. 11 after Beardsley Ruml, author of the plan, had addressed one of the largest meetings ever held by the 174-year-old organization.

Before Mr. Ruml spoke, H. Boardman Spalding, Chairman of the Executive Committee, presented a resolution from the Committee on Taxation endorsing the Ruml plan, which said in part:

"Resolved, That inasmuch as the economic soundness and fairness of the Ruml plan has aroused a widespread demand for its adoption and no substantial reason has been advanced for its rejection, the Chamber urges the Senate Finance Committee to reconsider the plan with a view to embodying it in the tax program for 1943."

At the suggestion of Frederick E. Hasler, President of the Chamber, who presided at the meeting, action on the resolution was deferred until Mr. Ruml had completed his address and replied to questions asked from the floor.

The Senate Committee's rejection of the plan was reported in these columns of Sept. 3, page 809.

The resolution adopted by the Chamber set forth six specific reasons for the support of the Ruml plan. They were:

(1) It would remove many hardships of the present income tax law.

(2) It would help taxpayers to meet their tax obligations for 1942 which many will not be able to do if they are compelled to pay a withholding tax at the same time that they are paying taxes for the previous year.

(3) By paying their taxes on a pay-as-you-go basis, taxpayers would be better able to budget their incomes and would be less apt to overspend in years of increased income.

(4) It would accelerate the collection of income tax from new taxpayers and from taxpayers with increased incomes.

(5) The cancellation of 1941 taxes would be only a paper transaction as to its immediate effect, for everyone would continue to pay taxes without interruption and the Treasury would receive its tax revenues as usual until such time as an individual's income ceased by reason of death or unemployment or retirement. Any net loss in tax receipts would be spread over the present generation of taxpayers.

(6) By relieving taxpayers of the worry of constant overhanging indebtedness to the Government, it would give the nation a much-needed uplift in morale.

Copies of the resolution and an accompanying report were sent to members of the Senate Finance Committee, which is now considering the 1943 Federal Tax bill, to officials of the Treasury Department and to chambers of commerce throughout the country.

In his talk to the Chamber meeting, Mr. Ruml, who is Chairman of the Federal Reserve Bank of New York and Treasurer of R. H. Macy & Co., outlined his plan and predicted that it will certainly be adopted in a form acceptable to Congress "because income taxpayers want to be free of income tax debt and they know it can be done without hurting the Treasury and without paying two years' taxes in one."

His remarks follow in part:

"Income tax debt is the meanest kind of debt there is because it only hurts people when they are in trouble. As long as our incomes are as good or better than they were last year, we can keep paying on that income tax debt. Even if rates get higher, we can still get by somehow—at least, we have so far. But if anything happens to this year's income, the income tax debt remains and there is trouble. Men are called into the armed services; others go into government work at lower pay; men and women are displaced from peace-time industry by war-time dislocation; some suffer sickness and accident; others must retire because of advancing years. All of these find that now with the new high tax rates, their income-tax debt is an intolerable problem, wiping out savings that have been accumulated over the years.

"And for the tens of thousands that have already been injured, millions of us are in danger because we are each of us subject to the same hazards and the same inevitable loss of income. It is for this reason that the response from the country has been spontaneous and insistent.

"The pay-as-you-go plan makes a withholding tax possible since if we are paid up at the beginning of 1943 we can have withholding without paying two years' taxes in one. I favor withholding because it helps pay-as-you-go by making it easier to keep up to date. But if for some reason, a withholding tax proves inacceptable, the pay-as-you-go plan should still be adopted as a method of getting the country free of income-tax debt.

"I have suggested three ways of reducing the number of windfall cases. 1. Do not skip the tax on capital gains. 2. Impose a special death tax for 1942. 3. Average the income of 1940, 1941 and 1942 when claim for credit exceeds $10,000. I believe these provisions will eliminate the most objectionable windfall cases. But in any case even if a few windfall cases remain we should not permit this to keep us from achieving the widespread benefits of having the whole country free of income-tax debt.

"I have also suggested that the new taxpayer who has never filed a return should skip 1942. This will avoid the year-end adjustment for the new taxpayer and is a practical way of meeting the problem caused by the late passage of the 1942 tax bill.

"There has been some confusion as to whether 1941 or 1942 is the year to be skipped. I have suggested 1941; the Treasury has recommended 1942. I prefer 1941 because in this way we shall be giving benefits to all those whose incomes were lower in 1942, particularly those who have gone into the armed services, into government work and who have lower incomes because of wartime industrial displacement. There is a certain rough justice in making the change at a time when the impact of a national disaster has been the controlling factor in most of our incomes. Those of us who are getting less are mostly getting less because of the war; those who are getting more are mostly getting more because of the war. It would seem wise to make the change now so that our 1942 payments will be portional to what we actually earn in 1943.

'I favor all-over application of the principle because it gives equal treatment to all taxpayers under the plan. In adopting pay-as you-go by skipping an income-tax year, I believe we should treat all citizens alike. As we turn the tax clock ahead for some, we should turn it ahead for all, and get the whole nation free of income-tax debt by the beginning of 1943. If Congress feel differently, we can still have a pay-as-you-go plan; but such a plan will not solve the whole problem, since we shall still have a large income-tax debt to deal with."

Maximum War Output Urged By President

In submitting to Congress on Sept. 14 his sixth quarterly report on lend-lease operations, President Roosevelt said that "so far the United States has little more than passed the half-way mark towards maximum possible war production." The President's letter transmitting the report added this warning:

"Not until we have reached the maximum—and we can do this only by stripping our civilian economy to the bone — can our fighting men and those of our Allies be assured of the vastly greater quantities of weapons required to turn the tide. Not until then can the United Nations march forward together to certain victory."

Mr. Roosevelt pointed out that "in relation to their available resources Britain and Russia have up to now produced more weapons than we have" and "are continuing to produce to the limit, in spite of the fact that Russia is a battlefield and Britain an offensive base."

The President's report showed that the total amount of lend-lease aid in the 18-month period, March, 1941, through August, 1942, was $6,489,000,000, consisting of $5,129,000,000 as the value of goods transferred and services rendered and $1,360,000,000 as the value of lend-lease goods "in process." Of the total aid of $6,489,000,000, the report showed that $1,992,000,000 was extended in the quarter ended Aug. 31, 1942. Currently, aid is being provided at a rate of $8,000,000,000 a year.

From March, 1941, to the end of August, 1942, the report said, the value of goods exported under lend-lease was $3,525,000,000; in this same period the value of goods, including munitions, raw materials and other supplies, purchased by lend-lease countries was approximately $5,800,000,000. This latter figure represents original cash purchase orders of the Allies contracted before the Lend-Lease Act was passed. The items called for in these orders are still coming off the assembly lines, it was pointed out, and are being exported side by side with items procured from lend-lease funds.

Currently, the report said, about 35% of lend-lease exports are going to the United Kingdom, 35% to Russia and 30% to the Middle East, Australia and other areas. "Aid to China," it was added, "has been limited by the difficulty of transportation, but the development of other means of transportation will relieve this situation."

The list of countries to which aid may be extended includes the British Commonwealth of Nations and 35 other countries.

The maximum amount of aid that can be provided under 15 separate appropriation acts totals $62,944,650,000.

Of the total amount of lend-lease aid to date, the report said, approximately 90% has been provided from the $18,410,000,000 appropriated directly to the President for lend-lease purposes. The remainder has been provided by the War Department, Navy Department and Maritime Commission from appropriations made to those agencies which contain provisions earmarking certain maximum amounts which can be used for lend-lease.

With respect to reciprocal lend-lease, the President's report stated:

"Ever since we began giving aid to our Allies, our Allies have been giving aid to us. On Sept. 3, 1942, this informal pooling of resources was made formal in signed agreements with United Kingdom, Australia, New Zealand and Fighting France. With these agreements, the program of reciprocal aid to our forces enters upon a new phase.

"The agreements rest on the simple principle that each participant provide the other with such articles, services, facilities, or information as each may be in a position to supply for the joint prosecution of the war. The rule to be followed in providing mutual aid is that the war production and war resources of each nation should be used by all United Nations' forces in ways which most effectively utilize the available materials, manpower, production facilities and shipping space. . . .

"The program of reciprocal lend-lease has become a very material and important aspect of our supply problem. It puts the idea of pooling all our resources for war in its most dynamic form. It is more than a gracious and much appreciated gesture of good will. Reciprocal aid represents the most economical use of the war resources of the United Nations. It means that we are husbanding time and transport to use resources where they are. It means, also, of course, that the peoples of Britain, Australia, and New Zealand, already on short rations, are freely sharing what they have with our troops.

"Under reciprocal lend-lease Gen. MacArthur's men are receiving munitions, uniforms, food, and shelter from the Australians. Similarly, United States forces are receiving aid from New Zealand. The Fighting French in Equatorial Africa and New Caledonia are furnishing us with materials, facilities, and services. In Great Britain we are receiving a formidable amount of munitions and supplies. Guns and camps, aircraft and military stores have been turned over to our troops. In July alone, a quarter of a million British workmen were engaged on construction for the American Army."

The text of the Presidential letter accompanying the report follows:

"I am transmitting to the Congress the sixth quarterly report on operations under the Lend-Lease Act.

"As our men move overseas to battle they must and will have sufficient quantities of the best equipment the United States can produce. At the same time we must provide more weapons to the armies of our Allies already in the fighting lines. Britain has been fighting the Nazis for three years, China is in her sixth year of war and in Russia the war's greatest land front is more than a year old. From the beginning they have carried on without enough guns or tanks or planes. It is through their uphill fight that the war has not been lost. Only by strengthening our Allies and combining their strength with ours can we surely win.

"Deliveries of lend-lease supplies, which have been growing, will have to grow much larger still. We and the other United Nations need all the weapons that all of us can produce and all the men that all of us can muster. In relation to their available resources Britain and Russia have up to now produced more weapons than we have. And they are continuing to produce to the limit, in spite of the fact that Russia is a battlefield and Britain an offensive base. So far the United States has little more than passed the half way mark towards maximum possible war production. Not until we have reached the maximum—and we can do this only by stripping our civilian economy to the bone—can our fighting men and those of our Allies be assured of the vastly greater quantities of weapons required to turn the tide. Not until then can the United Nations march forward together to certain victory."

Steel Output Shows Gain—Manpower Shortage Developing Fast—Delivery Promises Vague

"Next on the list of shortages to be faced by United States industry is the necessary manpower to run its war plants," reports "The Iron Age" in its issue of today (Sept. 17), which further says in part:

"Like the shortage of iron and steel scrap, which was patiently set forth by industrial publications for many months before it became a matter of national concern, the manpower shortage is developing fast.

"This week's comment by Major Gen. Hershey that the army's need for men must come first and that Government mobilization of fighting men might reach beyond 12,000,000 points out the manpower problem.

"Expanded needs of the army are expected to reduce deferments to the bone. Industrial companies without plans for using women employees, and industries which have not already set up large, active training programs are bound to be hard hit by the manpower shortage over the coming months.

"This week the War Production Board had turned its attention to finding out why Bessemer steel production has not increased during the last few months. Since last April, Bessemer output has been about 80% of capacity. Whether this is due to (1) lack of demand, (2) lack of sufficiently high priorities, or (3) use of more Bessemer metal in openhearth furnaces is to be determined.

"More steel plants this week are closer to the ragged edge as far as scrap is concerned. In some areas improvement was reported. The Pittsburgh and Youngstown steel producing areas are in a vulnerable position for shutdowns unless renewed activity in the scrap collection drives produce satisfactory tonnages. In some districts receipts increased slightly and dealers' reports were more optimistic."

The American Iron and Steel Institute on Sept. 14 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.2% of capacity for the week beginning Sept. 14, compared with 96.4% one week ago, 97.2% one month ago and 96.1% one year ago. This represents an increase of 0.8 point or 0.8% from the preceding week. The operating rate for the week beginning Sept. 14 is equivalent to 1,662,800 tons of steel ingots and castings, compared to 1,649,100 tons one week ago, 1,662,800 tons one month ago, and 1,587,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 14 stated in part: "Some consumers are cancelling the lower-rated orders they had hoped to receive in third quarter under the Production Requirements Plan, but which now appear out of the question. Others question the wisdom of such action, as they believe the original date of the order may prove valuable in the vent of a possible rerating.

"Delivery promises on current orders are vague. Plate orders are entirely under allocations, with nothing definite known until allotments are issued each month. Bars and shapes are scarce, particularly bars, with deliveries on even the higher rated tonnages so extended that definite promises are all but impossible. Additionally, much depends each month on the production directives received by producers under the mill quota system. In sheets it is doubtful if anything can be done under seven or eight weeks on even the highest priority.

"Steel requirements under lease-lend for Great Britain and her colonies during last quarter are estimated at 650,000 net tons monthly, including both semifinished and finished steel. Russian requirements are not definite but estimates are expected shortly.

"Steel production last week was not affected by Labor Day, steelmaking departments operating through the week-end, though some finishing mills were idle part of the time.

"Scrap collections show increase in some areas, under stress of campaigns by the Government and other agencies and suffice to maintain steelmaking at its near-capacity level. Despite all efforts to reclaim for scrap all steel and iron material in structures and machinery not in essential use it has not been possible to build up reserves and apprehension grows that the winter will bring a famine.

"Pig iron distribution continues to proceed in an orderly way, with October allocations showing a higher average of priority, a trend which has been observed for several months. Some classes of foundries are melting less iron than formerly as they find difficulty in obtaining war work, the present war requiring steel rather than cast iron. In some cases foundries have built up stocks of machine tool castings beyond current needs of builders, though the latter are at peak production. Increase in proportion of pig iron in foundry melt is noted in some cases, due to lack of scrap. The lessened foundry demand is making available larger proportion of pig iron for steelmaking.

"Diversion of steel to more essential products is limiting output of some wire products and farmers find it difficult to obtain wire fencing they need as a result of increased attention to stock raising. With an abundant hay crop they also are met by shortage of bale ties.

"Stainless steel orders are at the highest level in history but producers are faced by handicaps in servicing these orders due to regulations in scheduling rollings. These are drastic because of restrictions on use of critical elements, such as chromium and nickel."

$3 Billion Treasury Offering Closed

The subscription books for the cash offering on Sept. 10 of $1,500,000,000 of 0.65% Treasury Certificates of Indebtedness of Series C-1943 and of $1,500,000,000 of 1¼% Treasury Notes of Series C-1945 were closed at the close of business on Sept. 11.

This was the largest government financing operation since the first World War. In order to insure more extensive participation in this offering the subscription books for both issues remained open two days, and all subscriptions up to $25,000 will be allotted in full. There were no restrictions as to the basis for subscribing to these issues.

The certificates will be dated Sept. 21, 1942, will be payable on May 1, 1943, and will bear interest at the rate of 0.65% per annum, payable on an annual basis at the maturity of the certificates.

The notes will be dated Sept. 25, 1942, will mature March 15, 1945, and will bear interest at the rate of 1¼% per annum, payable on a semi-annual basis on March 15 and Sept. 15 in each year until the principal amount becomes payable.

Of the proceeds of this financing operation, $342,000,000 will be used to pay off a 2% Treasury note issue, due Sept. 15, and $320,000,000 will be used to pay off ⅞% Reconstruction Finance Corporation notes, maturing Oct. 15. The balance will be used to meet war expenditures.

As a result of these new offerings, plus the sale of war bonds, the public debt will pass the $90,000,000,000 mark. The legal limit now is $125,000,000,000.

It is expected that this current financing, together with the proceeds of income tax collections on Sept. 15 and war bond sales, will be sufficient to take care of the Treasury's principal money needs for several weeks.

In August, the Treasury sold $1,609,327,000 of ⅞% 11½-month certificates of indebtedness and $1,236,107,300 of 2½% "tap" bonds of 1962-67.

The following description of the new certificates is from the Treasury's official circular:

1. The certificates will be dated Sept. 21, 1942, and will bear interest from that date at the rate of 0.65% per annum, payable on an annual basis at the maturity of the certificates. They will mature May 1, 1943, and will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all Federal taxes, now or hereafter imposed. The certificates shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes and will not bear the circulation privilege.

4. Bearer certificates with one interest coupon attached will be issued in denominations of $1,000, $5,000, $10,000 and $100,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States certificates.

With respect to the 1¼% Treasury notes, the circular described these as follows:

1. The notes will be dated Sept. 25, 1942, and will bear interest from that date at the rate of 1¼% per annum, payable on a semi-annual basis on March 15 and Sept. 15 in each year until the principal becomes payable. They will mature March 15, 1945, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

4. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

5. Bearer notes with interest coupons attached will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000. The notes will not be issued in registered form.

6. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

Reserve Requirement Cut In N. Y. & Chicago

The Board of Governors of the Federal Reserve System announced on Sept. 14 a reduction from 24 to 22% in reserve requirements for net demand deposits at central reserve city member banks in New York and Chicago. The reduction became effective as of the opening of business on Sept. 14.

It is expected that the Board's action will result in adding about $400,000,000 to the excess reserves of member banks in New York and Chicago. This was the second such move taken by the Reserve Board in less than a month. On Aug. 20 the Board reduced the reserve requirements for these banks from 26% to 24% (referred to in these columns of Aug. 27, page 720).

The action did not affect the reserve requirements for the rest of the country which remain at 20% for the ten other Federal Reserve cities and 14% for other communities. In the case of time or savings deposits, the rate is 6%.

Regarding the Reserve Board's action, United Press Washington advices of Sept. 13 said:

"While most banking quarters had believed the Federal Reserve Board would postpone this second cut in reserve requirements as long as possible, in view of what they termed the inflationary implications behind the move, informed quarters here pointed out that excess reserves in both New York and Chicago had fallen to the point where those banks would have been hard-pressed to meet the heavy financial calls scheduled for this week.

"Withdrawals incidental to the Sept. 15 income-tax collections are expected to be offset largely by Treasury's repayments in cash of two maturing issues of securities totaling $642,000,000, but payments for the $3,000,000,000 in notes and certificates sold last week by the Treasury will draw heavily on the New York and Chicago banks.

"Excess reserves held by the New York City banks at the close of business on Saturday were understood to have dropped below $200,000,000, being only slightly larger than on Aug. 20, when the Federal Reserve governors cut reserve requirements from 26 to 24% and 'pumped' an additional $345,000,000 of excess funds into those institutions.

"Tonight's announcement was regarded in banking circles as merely the forerunner of similar reductions designed to provide by 'easy stages' the huge banking resources that will be required to meet the Government's wartime credit needs."

Silver Users To Seek Release Of Metal

Establishment of the Silver Users Emergency Committee by 19 industrial groups was recently announced for the purpose of urging Congress "to bring silver out of Government hoarding vaults and into productive use."

William G. Thurber, of Tilden & Thurber, Providence, R. I., Chairman of the National Committee, said:

"This Committee is frankly designed to turn the torch of public opinion upon the silver situation and to demand of Congress that the question of hoarding silver be faced as it affects the entire nation and not just a small minority of producers.

"The idea of business starving to death and tens of thousands of employees being thrown out of work while 2,500,000,000 ounces of silver, or 10 years' normal foreign production, are hidden away under ground is ridiculous. It is blockading war production. And we are going to tell the country so."

Meanwhile, Senator Green (Dem., R. I.) introduced a bill in the Senate on Sept. 14 authorizing President Roosevelt to dispose of 1,361,000,000 ounces of "free silver," held by the Treasury, for industrial uses or for shipment to friendly foreign nations.

United Press Washington advices said:

"Mr. Green's bill would authorize the President to sell, lease or otherwise dispose of silver not held as backing for paper money. The metal could be used by munitions factories and plants 'supplying civilian needs contributing to the war effort.'

"Mr. Green explained that another provision would permit silver-using industries, such as the jewelry business in New England, to get silver for ordinary needs provided they were converting to war work.

"Some of the Treasury silver is being used for such industrial purposes as electrical conductors, but it is out on loan and must be returned after the war."

Mr. Thurber explained that the formation of the Committee was brought about mainly by the recent action of the WPB in limiting the use of available silver to industries with a high priority rating.

"Since July 1, users of silver have been dependent entirely for current manufacture upon the silver stocks then in their possession, plus such additional silver as could be obtained from scrap and refinings," he continued. "After Oct. 1, the use of foreign silver except under priorities has been prohibited. This means that hundreds of silver-using industries, already one-third converted to war work, may have to go out of business because they cannot make ends meet on war contracts alone."

Mr. Thurber pointed out that, while the Treasury Department is compelled by law to buy and hoard silver, Secretary Morgenthau has placed himself on record as opposed to the practice.

"No patriotic American can object to being deprived of steel, copper, nickel, tin and aluminum which are needed for war purposes and which are actually scarce," Mr. Thurber declared. "But there is no justice and no economic sense in depriving silver users of their raw material when there is a huge accumulation lying idle. This amount of silver is more than enough for our total war and civilian needs and could be made available by a simple Act of Congress."

A Treasury announcement regarding the diversion of "free" silver to war uses appeared in our issue of Sept. 10, page 904.

Rice Loan Program

Secretary of Agriculture Wickard announced on Sept. 5 the authorization by President Roosevelt of a Commodity Credit Corporation loan and purchase program for 1942 crop rice at 85% of parity. The program is designed to aid the orderly marketing of this year's record rice crop which is needed for military, lend-lease export and domestic civilian requirements.

The loan rates for all varieties, grades and milling qualities of rice will average about $1.05 a bushel, which represents 85% of parity as of Aug. 1, the beginning of the crop marketing year. This rate is comparable to $3.78 a barrel, a $2.33 per hundredweight. Premiums and discounts for grade and milling quality will be made. In California loan values at local stations will be determined on the basis of San Francisco terminal market rate less transportation. In the Southern States, however, following trade custom, no location differentials have been used, since all producing areas are in close proximity to the mills.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Sept. 15	117.62	107.27	117.00	113.50	108.52	92.20	96.85	111.81	113.89
14	117.69	107.09	117.00	113.50	108.52	92.06	96.69	111.81	113.89
12	117.73	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
10	117.76	107.09	116.80	113.50	108.34	92.20	96.69	111.81	114.08
9	117.78	107.09	117.00	113.31	108.34	92.20	96.69	111.62	114.27
8	117.75	107.09	116.80	113.31	108.34	92.20	96.69	111.62	114.08
7				EXCHANGE CLOSED					
5	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
3	117.81	107.09	116.80	113.31	108.34	92.06	96.54	111.62	114.08
2	117.84	107.09	116.80	113.31	108.34	92.06	96.54	111.44	114.08
1	117.84	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.27	117.00	114.08	108.52	92.50	97.47	111.81	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Sept. 15, 1941	118.96	107.44	117.80	114.66	108.70	91.62	97.00	111.81	115.04
2 Years ago									
Sept. 14, 1940	116.17	103.80	116.61	112.75	103.64	86.11	92.20	109.60	111.07

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Sept. 15	3.32	2.80	2.98	3.25	4.26	3.95	3.07	2.96
14	3.33	2.80	2.98	3.25	4.27	3.96	3.07	2.96
12	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
11	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
10	3.33	2.81	2.98	3.26	4.26	3.96	3.07	2.95
9	3.33	2.80	2.99	3.26	4.26	3.96	3.08	2.94
8	3.33	2.81	2.99	3.26	4.26	3.96	3.08	2.95
7			EXCHANGE CLOSED					
5	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
4	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
3	3.33	2.81	2.99	3.26	4.27	3.97	3.08	2.95
2	3.33	2.81	2.99	3.26	4.27	3.97	3.09	2.95
1	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
Aug. 28	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.03	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.32	2.80	2.95	3.25	4.24	3.91	3.07	2.93
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Sept. 15, 1941	3.31	2.76	2.92	3.24	4.30	3.94	3.07	2.90
2 Years ago								
Sept. 14, 1940	3.52	2.82	3.02	3.53	4.70	4.26	3.19	3.11

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

Commercial Paper Outstanding

Commercial paper dealers showed a total of $297,200,000 of open market paper outstanding on Aug. 31, 1942, a decline of 3% from July 31 and 16% below a year ago, the Federal Reserve Bank of New York announced on Sept. 15. This was the largest year to year decrease since June, 1939. The total outstanding for July 31, 1942, amounted to $305,300,000 and for Aug. 30, 1941, $353,900,000.

Following are the totals for the last two years:

	$		$
1942—		1941—	
Aug. 31	297,200,000	Aug. 30	353,900,000
July 31	305,300,000	July 31	329,900,000
June 30	315,200,000	June 30	299,000,000
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000
Mar. 31	384,300,000	Mar. 31	263,300,000
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000

Bonds Used In Moody's Corporate Bond Yield Averages

RAILROADS

Aa a

Chesapeake & Ohio 4½s, 1992
Cincinnati Union Term. 3⅜s, 1969
Hocking Valley 4½s, 1999
Norfolk & Western 4s, 1996
Union Pacific 3½s, 1980

A

Car., Clinch. & Ohio 4s, 1965
Chicago Union Station 3¾s, 1963
Erie RR. Ohio Div. 3¼s, 1971
Great Northern 4¼s, 1961
Louisville & Nashville 4s, 1960
N. Y. Connecting RR. 3½s, 1965
Northern Central Ry. 4½s, 1974
Pennsylvania 4¼s, 1984
Piedmont & Northern 3¾s, 1966
Pgh., Cin., Chi. & St. L. 5s, 1975

Aa

Atch., Top., & S. Fe gen. 4s, 1995
Chesapeake & Ohio "D" 3½s, 1996
Indianapolis Union 3½s, 1986
Monongahela Ry. 3¼s, 1966
Oregon-Wash. RR. & Nav. 4s, 1961
Pennsylvania 4½s, 1960
Pgh., Cin., Chi. & St. L. 4½s, 1964,
Union Pacific 3½s, 1971
Virginian Ry. 3¾s, 1966

Baa

Chicago, Burl. & Quincy 4s, 1958
Chic. & West. Ind. 4¼s, 1962
Clev., Cin., Chi. & St. L. 4s, 1993
Great Northern 4½s, 1976
Louisiana & Arkansas 5s, 1969
Northern Pacific 4s, 1997
Pennsylvania 4½s, 1970
Reading "A" 4½s, 1997
Southern Rwy. 5s, 1994
Texas & Pacific 1st 5s, 2000

PUBLIC UTILITIES

Aaa

Boston Edison 2¾s, 1970
Brooklyn Edison 3¼s, 1966
Cincinnati Gas & Elec. 3¼s, 1966
Cons. Gas Balt. 2¾s, 1976
Illinois Bell Tel. 2¾s, 1981
New York Edison 3¼s, 1965
Pacific Tel & Tel. "B" 3¼s, 1966
Potomas Elec. Pr. 3¼s, 1966
Public Serv. El. & Gas 3¼s, 1968
Southwestern Bell Tel. 3s, 1968

A

Appalachian El. Pr. 3¼s, 1970
Gulf States Utilities 3½s, 1969
Indianapolis P. & L. 3¼s, 1970
Lake Superior Dist. Pr. 3½s, 1966
Montana Power 3¾s, 1966
Ohio Edison 3¾s, 1972
Pennsylvania Pr. & Lt. 3½s, 1969
Public Service of Col. 3½s, 1964
Southwestern Gas & El. 3¼s, 1970
Wisconsin Pub. Serv. 3¼s, 1971

Aa

American Tel. & Tel. 3¼s, 1961
Atlantic City Electric 3¼s, 1964
Columbus & So. Ohio El. 3¼s, 1970
Consumers Power 3¼s, 1966
Detroit Edison 3s, 1970
Louisville Gas & Elec. 3½s, 1966
Ohio Power 3¼s, 1968
Pacific Gas & Elec. 3s, 1970
South. Cal. Edison 3s, 1965
Virginia El. & Pr. 3½s, 1968

Baa

Central Ill. El. & Gas 3¾s, 1964
Central Pr. & Lt. 3¾s, 1969
Florida Power 4s, 1966
Iowa Pub. Serv. 3¾s, 1969
Kentucky Utilities 4s, 1970
Minnesota Pr. & Lt. 4½s, 1978
No. Indiana Pub. Serv. 3¾s, 1969
Penn. Central Lt. & Pr. 4½s, 1977
Pub. Service Co. of Ind. 4s, 1969
Sioux City Gas & El. 4s, 1966

INDUSTRIALS

Aaa

Socony-Vacuum 3s, 1964
Standard Oil Calif, 2¾s, 1966
Standard Oil N. J. 2¾s, 1953
Texas Corp. 3s, 1965

A

Bethlehem Steel 3s, 1960
Firestone Tire & Rub. 3s, 1961
Koppers Co. 3½s, 1961
McCrory Stores 3¼s, 1955
McKesson & Robbins 3½s, 1956
National Dairy Prod. 3¼s, 1960
National Oil Products 3¼s, 1955
Shell Union Oil 2¾s, 1961
Union Oil of Cal. 3s, 1967
West Va. Pulp & Paper 3s, 1954

Aa

American Tobacco 3s, 1962
Inland Steel 3s, 1961
National Steel 3s, 1965
Philip Morris 3s, 1962
Swift & Co. 2¾s, 1961

Baa

Armour & Co. of Del. 4s, 1955
Celanese Corp. 3½s, 1962
Cudahy Packing 3¾s, 1955
Jones & Laughlin 3¼s, 1961
Paramount Pictures 4s, 1956
Remington Rand 3½s, 1956
Revere Cop. & Brass 3¼s, 1960
Superior Oil 3½s, 1956
Wheeling Steel 3½s, 1966
Youngstown Sheet & Tube 3¼s, 1960

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1942	7.4%	7.2%	7.6%	5.3%	4.5%	7.2%
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.3	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3

Elec. Output For 2 Weeks Ended Sept. 12, 1942 Shows Gain Over Same Period In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power indusry of the United States for the week ended Sept. 12, 1942, was 3,570,919,000 kwh., which compares with 3,322,346,000 kwh., in the corresponding period in 1941. The output for the week ended Sept. 5, 1942, was estimated to be 3,672,921,000 kwh., as against 3,132,954,000 kwh. in the same week last year. The output for the two-week period ended Sept. 12, 1942 was 12.2% over that for the corresponding period of 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Sept. 5 & 12	Aug. 29	Aug. 22	Aug. 15
New England	7.9	6.2	6.2	6.2
Middle Atlantic	7.5	5.9	10.9	9.7
Central Industrial	9.2	8.8	9.4	7.3
West Central	10.9	10.4	8.7	4.3
Southern States	12.9	15.6	19.0	21.9
Rocky Mountain	12.1	8.1	8.9	8.3
Pacific Coast	28.0	24.8	27.1	25.5
Total United States	12.2	11.6	13.7	12.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2,743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.2	2,591,957	1,423,977	1,674,588
Sep 12	3,570,919	3,322,346		2,773,177	1,476,442	1,806,259
Sep 19	------	3,273,375		2,769,346	1,490,863	1,792,131
Sep 26	------	3,273,376		2,816,358	1,499,459	1,777,854

Alien Property Custodian Seizes Enemy Holdings

Seizure of enemy interests in 21 additional American business enterprises was announced on Sept. 8 by Leo T. Crowley, Alien Property Custodian.

It was explained that the properties themselves were not seized but only the holdings of enemy aliens in the properties.

The properties are: Banco di Napoli Trust Co., Chicago; Pettingell Machine Co., Amesbury, Mass.; Refractories Improvement Co., Mexico, Mo.; Bodee Realty Corp., Hoboken, N. J.; American Platinum Works, Newark; Heidelberg Printing & Machinery Corp., New York, a company engaged in marketing and servicing printing presses manufactured abroad; Carl Zeiss, Inc., New York, a firm engaged in selling optical goods and cameras, etc., manufactured abroad and producing some scientific instruments in its own shops; Rondak Corp., New York, organized to hold and liquidate an estate; George Ehret Breweries, Inc., Brooklyn; George Ehret Properties, Inc., New York, a real estate and mortgage management company; Hamburg American Line-North German Lloyd, New York, representatives for booking of freight and passages for the vessels; Atlantic Assets Corp., New York, personal holding company of the German family Stinnes; Metro Stamp Co., Ltd., New York; Bolle & Detzel, Inc., New York, retail furniture sales; Riedel-DeHaen Inc., New York, pharmaceutical manufacturers; B. Westermann Co., New York, book importer and dealer; Central American Plantation Corp., New York, engaged in cultivating bananas, coffee, etc., in Guatamala plantations; Rohm & Haas Co., Philadelphia, engaged in making and selling a diversified chemical line including tanning agents and a plastic called plexigas; Resinous Products & Chemical Co., Philadelphia, making synthetic resins used in making quick drying varnishes; Williamson Cotton Co., Dallas, trading and exporting cotton and produce, and American Askania Corp., Houston, a distribution and sales agency for geodetic and geo-physical instruments.

Mr. Crowley further announced on Sept. 9 that his office had seized the capital stock of the following New York City firms, which are engaged in war production or which control important patents:

America Voith Contract Co., Inc., and its associated companies, J. M. Voith Co., Inc., and Voith-Schneider Propeller Co., Inc., owners of licensing patents important in the production of hydro-electric power turbines, pulp and paper machinery, and propellers for water craft; E. Leitz Inc., engaged in manufacturing, selling, repairing photographic equipment, optical and scientific instruments for government and hospital use; Roentgen Supplies, Inc., engaged in manufacturing and repairing of X-ray equipment.

The announcement said the concerns were controlled by German interests but that prior to outbreak of the war control was shifted nominally to naturalized citizens.

Moody's Daily Commodity Index

Tuesday, Sept. 8	232.2
Wednesday, Sept. 9	233.0
Thursday, Sept. 10	232.7
Friday, Sept. 11	231.7
Saturday, Sept. 12	231.3
Monday, Sept. 14	232.2
Tuesday, Sept. 15	232.2
Two weeks ago, Sept. 1	230.6
Month ago, Aug. 15	231.0
Year ago, Sept. 15	218.6
1941 High Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, April 9	234.0
Low, Jan. 2	220.0

August Retail Prices Continue Unchanged, According To Fairchild Publications Index

For the second consecutive month retail prices remain unchanged, according to the Fairchild Publications Retail Price Index. However, while the composite remained unchanged in August, three major subdivisions showed fractional changes: men's apparel, women's apparel and home furnishings. Retail prices show no change from the previous month, but they nevertheless continue sharply above a year ago. The latest prices are 10.2% above 1941. They also show an increase of 27.2% above August, 1939, the period immediately preceding the outbreak of war.

The firm's announcement further said:

Piece goods and infants' wear remained unchanged, while men's and women's apparel and home furnishings showed moderate changes. Men's apparel advanced 0.1% over the previous month; women's apparel and home furnishings showed a fractional decline of 0.1%. In comparison with a year ago piece goods showed the greatest gain, 15.7%, men's apparel follows with 12.8%, and women's apparel advanced 12.3%. Infants' wear shows the smallest increase over last year, 8%. In comparison with the low prior to the outbreak of hostilities piece goods show the greatest gain, 33.7;% home furnishings increased 27.8%; and women's apparel increased 26.9%.

Analysis of the individual commodities included in the index shows a slight decrease for silk piece goods, sheets and pillow cases, corsets and brassieres, and furs. Increases were recorded for men's clothing.

In comparison with a year ago the greatest increases are recorded for cotton piece goods, sheets and pillow cases, aprons and house dresses. Compared with the period immediately preceding the outbreak of the war the greatest increases are recorded by silk, cotton and wool piece goods, sheets and pillow cases, blankets, women's hosiery, aprons, furs, women's underwear, men's hosiery and underwear, furniture and floor coverings.

Retail prices are expected to continue practically unchanged for some time, according to A. W. Zelomek, economist under whose supervision the index is compiled. He points out that with the large inventories, particularly of textile apparel and shoes, many items are selling below the March ceilings. As soon as these large stocks are exhausted, pressure on ceilings may gain. Whether they will be penetrated, however, will depend on the OPA policy with regard to adjustments later.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100

	May 1, 1933	Sept. 1, 1941	June 1, 1942	July 1, 1942	Aug. 1, 1942	Sept. 1, 1942
Composite Index	69.4	102.6	113.2	113.1	113.1	113.1
Piece Goods	65.1	97.1	112.2	112.2	112.3	†112.3
Men's Apparel	70.7	93.3	105.2	105.1	105.1	*105.2
Women's Apparel	71.8	100.4	113.0	112.9	112.8	112.7
Infants' Wear	76.4	100.0	108.3	108.0	108.0	108.0
Home Furnishings	70.2	104.9	115.7	115.6	115.6	115.5
Piece Goods						
Silks	57.4	76.7	84.9	84.9	85.0	†84.8
Woolens	69.2	95.8	108.4	108.2	108.1	108.1
Cotton Wash Goods	68.6	118.7	143.4	143.4	143.9	†143.9
Domestics						
Sheets	65.0	104.8	127.2	127.0	127.0	126.9
Blankets & Comfortables	72.9	122.8	135.2	134.9	135.0	†135.0
Women's Apparel						
Hosiery	59.2	79.4	94.5	94.1	94.1	94.1
Aprons & House Dresses	75.5	114.6	140.8	140.6	140.5	140.5
Corsets & Brassieres	83.6	96.3	111.4	111.3	111.3	111.2
Furs	66.8	133.0	136.1	136.0	136.0	135.4
Underwear	69.2	90.7	102.8	102.8	102.7	102.7
Shoes	76.5	89.5	92.5	92.5	92.4	92.4
Men's Apparel						
Hosiery	64.9	91.3	108.1	108.1	108.0	108.0
Underwear	69.6	96.6	114.7	114.7	114.6	114.6
Shirts & Neckwear	74.3	88.3	99.2	99.0	99.0	99.0
Hats & Caps	69.7	86.9	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	97.1	105.1	105.1	105.1	*105.5
Shoes	76.3	99.6	109.6	103.5	109.6	†109.6
Infants' Wear						
Socks	74.0	105.3	115.1	114.4	114.5	†114.5
Underwear	74.3	96.8	103.8	103.6	103.6	103.6
Shoes	80.9	97.9	105.9	105.9	105.9	105.9
Furniture	69.4	120.5	129.2	129.2	129.2	129.2
Floor Coverings	79.9	136.7	146.8	146.8	146.8	146.8
Radios	50.6	58.9	66.8	66.8	66.8	66.8
Luggage	60.1	81.8	95.0	94.8	94.7	94.7
Electrical Household Appliances	72.5	87.1	93.6	93.5	93.5	93.5
China	81.5	103.4	110.8	110.7	110.6	110.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*Increase due to Price Regulation allowing a percentage markup on ceiling price of outer coats.

†Increase due solely to special pricing of new mail order catalogues. Such catalogues are generally issued twice a year, in January and July. Thus premissible increases above January prices appear for the first time in this month's index.

National Fertilizer Association Commodity Price Average Turns Upward

The general levy of wholesale commodity prices turned upward last week, after remaining unchanged for two consecutive weeks, according to the price index compiled by The National Fertilizer Association, issued on Sept. 14. The index, in the week ended Sept. 12, 1942, rose to 129.2 from 129.0 in the preceding week. A month ago it registered 128.7, and a year ago, 116.8, based on the 1935-1939 average as 100. The Association's report went on to say:

Gains in cotton, grains, and foodstuffs were chiefly responsible for the advance in the all-commodity index. The indexes of farm products and foods reached new high levels. Average market prices for farm products rose 0.5% during the week, led by an increase of 2.9% for grains. In the food group rising prices for eggs, cheese, and flour were sufficient to counterbalance the effect on the group index of slightly lower quotations for butter, potatoes, and cottonseed oil. The net result of these changes was a moderate increase in the food price index. A fractional advance was also recorded by the index representing the prices of textiles. A drop in the price of cattle feed lowered the miscellaneous commodities index fractionally. The other groups in the composite index remained the same as in the preceding week.

During the week prices of 16 commodities advanced and 11 declined; in the preceding week there were 17 advances and 7 declines; in the second preceding week there were 10 declines and 9 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week Sept. 12 1942	Preceding Week Sept. 5 1942	Month Ago Aug. 8 1942	Year Ago Sept. 13 1941
25.3	Foods	131.0	130.7	128.5	113.3
	Fats and Oils	140.2	141.0	139.9	130.6
	Cottonseed Oil	153.9	156.1	158.4	159.6
23.0	Farm Products	140.1	139.4	138.4	120.8
	Cotton	178.4	176.8	178.0	168.0
	Grains	118.2	114.9	111.9	112.0
	Livestock	138.9	139.0	138.0	113.9
17.3	Fuels	118.8	118.8	120.2	110.8
10.8	Miscellaneous commodities	126.7	126.9	126.7	126.2
8.2	Textiles	147.4	147.3	147.5	138.8
7.1	Metals	104.4	104.4	104.4	103.8
6.1	Building materials	151.4	151.4	151.5	123.4
1.3	Chemicals and drugs	120.7	120.7	120.7	107.5
.3	Fertilizer materials	117.9	117.9	117.8	113.6
.3	Fertilizers	115.3	115.3	115.3	107.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	129.2	129.0	128.7	116.8

*Indexes on 1926-1928 base were: Sept. 12, 1942, 100.6; Sept. 5, 100.5, Sept. 13, 1941, 91.0.

Cottonseed Receipts Above Last Year

On Sept. 12 the Bureau of the Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the month ended with August, 1942 and 1941:

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

	Received at mills* Aug. 1 to Aug. 31 1942	1941	Crushed Aug. 1 to Aug. 31 1942	1941	On hand at mills Aug. 31 1942	1941
United States	157,203	107,259	93,395	108,810	145,231	128,978
Alabama	8,924	21,229	6,571	18,873	5,942	13,529
Arkansas	1,688	2,947	7,317	16,619	6,242	11,258
Georgia	20,194	22,480	14,135	22,009	9,579	19,387
Louisiana	11,745	†	5,525	†	6,947	†
Mississippi	8,193	15,548	5,322	5,860	8,890	13,714
Texas	100,947	30,960	41,806	23,277	94,529	34,877
All other States	5,512	14,095	12,719	22,172	13,102	36,213

*Does not include 81,423 and 130,529 tons on hand Aug. 1 nor 4,807 and 1,825 tons reshipped for 1942 and 1941 respectively. †Included in all other.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Aug. 31	Shipped out Aug. 1 to Aug. 31	On hand Aug. 31
Crude oil	1942-43	*34,167	28,233	23,090	*27,907
(thousand pounds)	1941-42	29,703	34,121	27,656	31,151
Refined oil	1942-43	†310,433	‡32,942	------	†230,569
(thousand pounds)	1941-42	294,005	32,611	------	226,522
Cake and meal	1942-43	192,910	40,845	100,260	133,495
(tons)	1941-42	164,444	47,185	79,306	132,323
Hulls	1942-43	44,463	23,331	41,485	26,309
(tons)	1941-42	151,439	28,273	45,005	134,707
Linters	1942-43	43,463	26,772	19,233	51,002
(running bales)	1941-42	123,154	30,497	84,337	69,314
Hull fiber	1942-43	226	335	303	258
(500-lb. bales)	1941-42	1,834	1,685	1,726	1,793
Grabbots, motes, &c.	1942-43	23,204	965	1,526	22,643
(500-lb. bales)	1941-42	6,183	1,020	3,151	4,052

*Includes 24,236,000 and 11,679,000 pounds held by refining and manufacturing establishments and 2,118,000 and 3,272,000 pounds in transit to refiners and consumers Aug. 1, 1942 and Aug. 31, 1942 respectively.

†Includes 3,795,000 and 1,987,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 1,232,000 and 1,153,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc. Aug. 1, 1942 and Aug. 31, 1942 respectively.

‡Produced from 35,269,000 pounds of crude oil.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Cotton Ginned from Crop of 1942 Prior to Sept. 1

The Census report issued on Sept. 8, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1942 prior to Sept. 8, 1942, and comparative statistics to the corresponding date in 1941 and 1940:

The statistics in this report include no round bales for 1942; 16 for 1941 and 141 for 1940. Included in the above are 56 bales of American-Egyptian for 1942; 499 for 1941 and 259 for 1940; also 48 bales Sea-Island for 1942; 83 for 1941 and 66 for 1940.

The statistics for 1942 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail.

Consumption, Stocks, Imports, And Exports—United States

Cotton consumed during the month of July, 1942, amounted to 995,041 bales. Cotton on hand in consuming establishments on July 31, was 2,252,690 bales, and in public storages and at compresses 7,632,193 bales. The number of active consuming cotton spindles for the month was 23,111,848.

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

RUNNING BALES
(Counting round as half bales and excluding linters)

State	1942	1941	1940
United States	*737,886	*505,720	*605,764
Alabama	48,856	88,916	37,191
Arizona	1,082	10,701	6,255
Arkansas	2,931	25,389	62
Florida	4,742	7,128	5,101
Georgia	120,841	125,102	94,585
Louisiana	60,115	27,084	4,120
Mississippi	58,609	79,404	3,038
South Carolina	40,737	13,558	15,754
Texas	397,221	118,083	438,527
All other States	2,752	10,355	1,130

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

Auto Rationing Revised

New automobile purchase certificates will not be granted hereafter to applicants who since Jan. 1 of this year have disposed of cars adequate for their needs, unless there were justifying circumstances at the time they were disposed of, the Office of Price Administration announced on Sept. 1. Test of the adequacy of such cars will be the same as it would be if they were currently owned by the applicant.

This change in the New Passenger Automobile Rationing Regulations is made by Amendment No. 15, effective Sept. 3.

The same amendment, the OPA said, also makes a number of other technical revisions, as follows:

1. Unrestricted sale of new cars by inductees into the armed forces of the United States will be permitted hereafter only when it becomes certain that the seller actually will enter the service. Previously, an inductee with a 1942 model car could sell it, even to a buyer who could not qualify for a certificate under the rationing regulations, as soon as he received notice to report for induction. If he was rejected on final physical examination and had sold his car meanwhile, he would have done so under a dispensation intended only for those who actually enter the service.

The change was made necessary by a greater number of rejections under a new draft board practice of making only cursory medical examinations and leaving thorough check-up to Army and Navy doctor at the induction point. At the time the unrestricted sale privilege originally was granted, the draft board examination was more careful, and few of those who passed it were rejected later at the induction point.

2. Hereafter, members of the armed forces who acquire new automobiles after they have entered the service will be permitted to transfer them subsequently only to certificate holders or to members of their own families. Before this change was made, they could sell to anyone without restriction. Now, however, with a probability of increased ownership of cars by military personnel as a result of special eligibility recently extended to them, it is considered desirable to restrict resale, lest too many automobiles be released in this way from the rationing regulations. Family members to whom transfer will be permitted are any related by blood, marriage or legal adoption who regularly live in the owner's household, or parent, grandparent, brother, sister, spouse, child, or grandchild.

3. When a business changes hands, new passenger automobiles that are a part of the bulk assets may be transferred along with the other assets, without certificatae, if they are for use in operation of the business and were principally used in the same service by the former owner. Heretofore, when a business was sold or even changed its form of organization (from a corporation to a partnership, for instance) it was necessary for the new owner to get a rationing certificate for transfer of any new cars among the assets.

4. An insurance company that recovers a stolen car to which it has acquired title by reason of payment of indemnity, may transfer the car back to the insured without certificate, if the insured has not acquired or been authorized to acquire a new car meanwhile. This is a transfer without certificate that was not heretofore permitted under the regulations.

Daily Average Crude Oil Production For Week Ended Sept. 5, 1942 Declined 281,600 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 5, 1942 was 3,682,750 barrels, a decrease of 281,600 barrels from the preceding week, and 132,200 barrels less than the daily average for the corresponding period of 1941. The current figure is also 383,750 barrels below the daily average figure for the month of September, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Sept. 5, 1942 averaged 3,878,050 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000 barrels estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,656,000 barrels of crude oil daily during the week ended Sept. 5, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pine lines as of the end of that week, 80,356,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,232,000 barrels during the week ended Sept. 5, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations September	*State Allowables Beginning Sept. 1	—Actual Production— Week Ended Sept. 5 1942	Change From Previous Week	4 Weeks Ended Sept. 5 1942	Week Ended Sept. 6 1941
Oklahoma	415,300	415,300	†379,300	+ 700	378,700	438,450
Kansas	285,300	291,900	†245,850	— 44,200	280,900	229,400
Nebraska	3,900		†3,300	+ 100	3,300	7,300
Panhandle Texas			75,000	— 13,900	88,150	85,300
North Texas			130,450	— 5,950	135,750	131,600
West Texas			180,150	— 46,650	213,300	226,250
East Central Texas			79,700	— 7,450	87,750	80,650
East Texas			291,000	— 72,000	343,600	298,550
Southwest Texas			157,800	— 42,550	184,550	181,800
Coastal Texas			293,800	— 15,950	298,250	248,800
Total Texas	1,397,800	‡1,430,363	1,207,900	—204,450	1,351,350	1,252,950
North Louisiana			97,000	— 650	97,150	78,450
Coastal Louisiana			231,500	— 9,050	236,950	255,400
Total Louisiana	334,800	347,800	328,500	— 9,700	334,100	333,850
Arkansas	81,900	75,439	72,350	+ 1,300	72,000	75,100
Mississippi	50,200		†72,000	— 3,550	75,450	53,450
Illinois	289,200		267,700	— 350	266,350	406,000
Indiana	19,300		†18,400	+ 1,450	17,650	21,050
Eastern (not incl. Ill. & Ind.)	109,300		97,350	+ 850	97,050	89,900
Michigan	66,700		61,900	+ 100	62,550	49,850
Wyoming	93,400		88,450	— 2,450	89,400	77,050
Montana	22,800		21,700	— 1,200	22,650	20,400
Colorado	7,000		6,700	+ 150	6,700	5,050
New Mexico	98,100	98,100	95,350	+ 50	89,850	113,750
Total East of Calif.	3,275,000		2,966,750	—261,200	3,148,000	3,173,550
California	791,500	§791,500	716,000	— 20,400	730,050	641,400
Total United States	4,066,500		3,682,750	—281,600	3,878,050	3,814,950

*O. P. C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in June 1942 as follows: Oklahoma, 28,900; Kansas, 4,200; Texas, 99,000; Louisiana, 18,900; Arkansas, 2,800; New Mexico, 5,400; California, 39,7[illegible] other states, 19,700.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Sept. 2.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shutdown for 9 days, namely, Sept. 5, 6, 12, 13, 19, 20, 26, 27 and 30.

§Recommendation of Conservation Committee of California Oil Producers.

¶Later press reports indicate that this figure was revised upward to approximately 1,456,700.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 5, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis (Crude Runs to Stills through ‡Stocks of Residual Fuel Oil)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,580	64.8	4,842	38,578	21,993	18,726
Appalachian	176	84.8	149	84.7	452	2,832	589	472
Ind., Ill., Ky.	804	83.3	730	90.8	2,517	14,222	5,735	3,534
Okla., Kansas, Mo.	416	80.1	378	90.9	1,249	6,838	1,792	1,347
Rocky Mountain	147	48.0	98	66.7	304	1,899	448	530
California	817	89.9	721	88.2	1,868	15,987	12,262	53,658
Tot. U. S. B. of M. basis Sept. 5, 1942	4,800	85.6	3,656	76.2	11,232	†80,356	42,819	78,267
Tot. U. S. B. of M. basis Aug. 29, 1942	4,800	85.6	3,697	77.0	11,300	80,831	42,060	78,034
U. S. Bur. of Mines basis Sept. 6, 1941			4,051	——	13,647	80,366	47,833	93,900

*At the request of the Office of Petroleum Coordinator.

†Finished 71,962,000 barrels; unfinished 8,394,000 barrels.

‡At refineries, at bulk terminals, in transit, and in pipe lines.

Wholesale Commodity Prices Advanced 0.2% In Sept. 5 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Sept. 10 that continued advances in prices for domestic agricultural commodities, particularly grains, cotton and dairy products, brought the general level of prices in primary markets up 0.2% to a new high during the first week of September. The Bureau's index of nearly 900 series now stands at 99.1% of the 1926 average, and is nearly 9% higher than at this time last year.

Average market prices for farm products rose 0.7% during the week, led by an increase of 3.3% for grains. Quotations for barley were up nearly 12%; rye, over 8%; oats, 5%; wheat, 3½%; and corn, about 1%. These grains, most of which are selling below parity, continued strong through Sept. 8 and 9, following the President's recommendation for a floor under agricultural prices.

During the week higher prices were also reported for steers, cotton and wool, and for fresh milk in New York and Chicago. Prices for apples and potatoes in the Northwest were seasonally higher and dried beans and lemons also advanced. Quotations for livestock, except steers, averaged lower, with cows and lambs down 3% and hogs and live poultry more than 2%.

In the past month average prices for farm products have advanced 1.2% and are nearly 20% higher than at this time last year.

Industrial commodity markets continued relatively steady. Prices advanced for certain types of lumber which have been fluctuating below ceiling levels, and for rosin and turpentine which are not under the Office of Price Administration regulation. The ceiling price for imported silver was raised by the OPA. Quotations for soap declined.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 8, 1942 and Sept. 6, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity Groups—	9-5 1942	8-29 1942	8-22 1942	8-8 1942	9-6 1941	Percentage changes to Sept. 5, 1942 from— 8-29 1942	8-8 1942	9-6 1941
All Commodities	*99.1	*98.9	*98.9	*98.6	91.0	+0.2	+0.5	+ 8.9
Farm products	106.7	106.0	106.4	105.4	89.1	+0.7	+1.2	+19.8
Foods	101.4	100.7	100.8	99.7	88.6	+0.7	+1.7	+14.4
Hides and leather products	119.0	118.9	118.9	118.8	111.2	+0.1	+0.2	+ 7.0
Textile products	96.7	96.6	96.5	96.5	88.3	+0.1	+0.2	+ 9.5
Fuel and lighting materials	79.6	79.6	79.6	79.6	79.9	0	0	— 0.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	98.7	0	0	+ 5.3
Building materials	110.3	110.3	110.3	110.2	105.0	0	+0.1	+ 4.1
Chemicals and allied products	96.2	96.2	96.2	96.3	86.0	0	—0.1	+11.9
Housefurnishing goods	104.1	104.1	104.1	104.4	97.1	0	—0.3	+ 7.2
Miscellaneous commodities	88.6	88.6	88.6	88.9	84.5	0	—0.3	+ 4.9
Raw materials	101.2	100.8	101.0	100.4	88.5	+0.4	+0.8	+14.4
Semimanufactured articles	92.7	92.6	92.6	92.6	90.0	+0.1	+0.1	+ 3.0
Manufactured products	*99.2	*99.2	*99.1	*98.9	92.6	0	+0.3	+ 7.1
All commodities other than farm products	*97.5	*97.4	*97.3	*97.2	91.4	+0.1	+0.3	+ 6.7
All commodities other than farm products and foods	*95.7	*95.7	*95.7	*95.7	91.4	0	0	+ 4.7

*Preliminary.

Engineering Cons. $97,311,000 For Week

Engineering construction volume for the short week due to the Labor Day holiday totals $97,311,000. This compares with the $261,671,000 reported by "Engineering News-Record" on Sept. 10 for a week ago, and the $139,478,000 for the full week in 1941. Almost 78% of the current week's volume is for Federal work, 16% is private, and the balance is for State and municipal construction. The private volume, $15,920,000, is the largest reported since the week ending July 2, 1942.

The report went on as follows:

With this week's construction, the 1942 volume reaches $7,278,879,000, an increase of 60% over the total reported for the 37-week period last year, and 24% above the volume for the entire year 1941. Private work, $458,706,000, is 50% under the total reported for the period a year ago, but public construction, $6,820,173,000, is 88% higher due to the 136% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	Sept. 11, 1941 (five days)	Sept. 3, 1942 (five days)	Sept. 10, 1942 (four days)
Total Construction	$139,478,000	$261,671,000	$97,311,000
Private Construction	15,150,000	6,269,000	15,920,000
Public Construction	124,328,000	255,402,000	81,391,000
State and Municipal	20,706,000	8,821,000	5,869,000
Federal	103,622,000	246,581,000	75,522,000

In the classified construction groups, gains over the 1941 week are reported in waterworks, sewerage, streets and roads, and unclassified construction. Compared with the preceding week, however, all classes of work are lower. Subtotals for the current week in each class of construction are: waterworks, $4,239,000; sewerage, $1,493,000; bridges, $389,000; industrial buildings, $1,440,000; commercial buildings and large-scale private housing, $870,000; public buildings, $47,225,000; earthwork and drainage, $2,217,000; streets and roads, $11,453,000; and unclassified construction, $27,985,000.

New capital for construction purposes for the week totals $933,000. This compares with the $428,529,000 in Federal funds reported for the week last year. The 1942 week's new financing is made up of $897,000 in State and municipal bond sales, and $36,000 in RFC loans for public improvements.

New construction financing for the year to date, $9,524,957,000, is 63% higher than the $5,842,664,000 for the 37-week period a year ago.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity* *Current*	*Cumulative*
1942—Week Ended—					
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

No 18-19 Age Group Draft Seen Before January 1

President Roosevelt told his press conference on Sept. 11 that he did not think it would be necessary to draft 18 and 19-year-old youths for military service before the first of the year.

The President explained that under the present law about as many men as possible in the 20 to 45 age group are being trained with existing facilities.

In reply to questions, Mr. Roosevelt said that he had been conferring with the War Department as to the advisability of obtaining the necessary legislation before the end of the year.

Bills have been introduced in both branches of Congress to make the 18 and 19-year-old youths eligible for service and it is expected that hearings will begin before the Military Affairs Committees after receipt of the views of the War Department and Selective Service officials on the measures.

Secretary of War Stimson declared on Sept. 10 that the War Department expects to call to active military duty college student members of the Army enlisted reserve of 20 years and older at the end of the coming term.

In a prepared statement, Secretary Stimson said:

"The stepping up of the intensity of the vital combat in which we are engaged and the growing need for enlarged forces make it clear that all young men fortunate enough to have the physical and mental qualifications to enable them to serve their country in the armed forces are destined for that service.

"Further, the exigencies of the war have now become such that it is now expected that by the end of the college term or semester beginning in September those student members of the reserve who have reached selective service age will all or for the most part be called to active duty and those reaching that age during subsequent terms will similarly be called.

"When enlisted reservists are called to active duty the Army will determine what further training is required to qualify these men for military duty. For this purpose the War Department will adopt such methods and utilize such facilities of its own or of the colleges as will best meet the current military requirements.

"In general, training after call to active duty will be highly specialized to qualify the men for specific military duty. Such training will be given only as required by military necessity and will be concentrated into the minimum time period. Plans under consideration contemplate an R. O. T. C. training program modified to conform to this policy."

Cuba-U. S. Sign War Pact

The State Department announced in Washington on Sept. 7 that Cuba and the United States have signed a military and naval cooperation pact. The agreement was signed in Havana by American Ambassador Spruille Braden and the Cuban Minister of State, Dr. Jose Augustin Martinez.

The Department explained that the agreement "outlines the respective responsibilities of the armed forces of the two countries in the zone affected and provides for coordination of their efforts and complete cooperation on the basis of reciprocity."

It was further explained that the agreement would facilitate, for the duration of the war, new measures of military and naval security by the respective armed forces as necessity arises and without the need for individual negotiations in each case.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 11 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 29, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Aug. 29 (in round-lot transactions) totaled 534,656 shares, which amount was 14.26% of total transactions on the Exchange of 1,873,990 shares. This compares with member trading during the previous week ended Aug. 22 of 741,359 shares, or 15.77% of total trading of 2,349,780 shares. On the New York Curb Exchange, member trading during the week ended Aug. 29 amounted to 85,515 shares, or 14.45% of the total volume of that Exchange of 295,970 shares; during the preceding week trading for the account of Curb members of 83,750 shares was 13.19% of total trading of 317,500 shares.

The Commission made available the following data for the week ended Aug. 29:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	966	676
1. Reports showing transactions as specialists	167	81
2. Reports showing other transactions initiated on the floor	126	12
3. Reports showing other transactions initiated off the floor	159	44
4. Reports showing no transactions	597	528

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 29, 1942

	Total for Week	† Per Cent
A. Total Round-Lot Sales:		
Short sales	41,820	
‡Other sales	1,832,170	
Total sales	1,873,990	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	138,530	
Short sales	23,970	
‡Other sales	141,720	
Total sales	165,690	8.11
2. Other transactions initiated on the floor—		
Total purchases	59,460	
Short sales	2,800	
‡Other sales	66,700	
Total sales	69,500	3.44
3. Other transactions initiated off the floor—		
Total purchases	43,576	
Short sales	3,300	
‡Other sales	54,600	
Total sales	57,900	2,71
4. Total—		
Total purchases	241,566	
Short sales	30,070	
‡Other sales	263,020	
Total sales	293,090	14.26

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 29, 1942

	Total for Week	† Per Cent
A. Total Round-Lot Sales:		
Short sales	2,240	
‡Other sales	293,730	
Total sales	295,970	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	23,900	
Short sales	1,990	
‡Other sales	32,975	
Total sales	34,965	9.95
2. Other transactions initiated on the floor—		
Total purchases	1,565	
Short sales	0	
‡Other sales	2,300	
Total sales	2,300	0.65
3. Other transactions initiated off the floor—		
Total purchases	9,355	
Short sales	100	
‡Other sales	13,330	
Total sales	13,430	3.85
4. Total—		
Total purchases	34,820	
Short sales	2,090	
‡Other sales	48,605	
Total sales	50,695	14.45
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	18,253	
Total purchases	18,253	
Total sales	11,655	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Sept. 5 is estimated at 11,180,000 net tons, indicating a slight decrease—150,000 tons, or 1.3%—from the output in the preceding week. Output in the week ended Sept. 6, 1941 (Monday, Sept. 7 was Labor Day) amounted to 10,010,000 tons. Total production of soft coal to date shows an increase of 18.1% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Sept. 5 was estimated at 1,240,000 tons, an increase of 4,000 tons (0.3%) over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 22,000 tons or 1.7%. The calendar year to date shows a gain of 6.7% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Sept. 5 showed an increase of 1,000 tons when compared with the output for the week ended Aug. 29. The quantity of coke from beehive ovens increased 11,500 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS (000 OMITTED)

Bituminous and lignite coal—	Week Ended Sept. 5, 1942	*Aug. 29, 1942	Sept. 6, 1941	January 1 to Date Sept. 5, 1942	Sept. 6, 1941	Sept. 4, 1937
Total, incl. mine fuel	11,180	11,330	10,010	389,013	329,347	296,259
Daily average	1,863	1,888	2,002	1,865	1,593	1,422

*Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended §Sept. 5, 1942	Aug. 29, 1942	Sept. 6, 1941	Calendar Year to Date §Sept. 5, 1942	Sept. 6, 1941	Sept. 7, 1929
Penn anthracite—						
*Total, incl. colliery fuel	1,240,000	1,236,000	1,262,000	41,036,000	38,471,000	47,276,000
†Commercial production	1,178,000	1,174,000	1,199,000	38,984,000	36,547,000	43,872,000
Beehive coke—						
United States total	163,200	151,700	143,100	5,373,100	4,347,500	4,739,200
By-product coke—						
United States total	1,216,600	1,215,600	‡	41,878,100	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Aug. 29, 1942	Aug. 22, 1942	Aug. 30, 1941	Aug. 31, 1940	Aug. 28, 1937	August avge. ¶1923
Alaska	5	5	4	3	2	**
Alabama	376	354	364	304	252	397
Arkansas and Oklahoma	94	90	108	87	74	81
Colorado	150	149	129	123	105	173
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,215	1,177	1,092	1,030	830	1,363
Indiana	481	461	476	376	260	440
Iowa	45	45	46	56	59	100
Kansas and Missouri	185	183	145	132	114	145
Kentucky—Eastern	968	932	933	800	719	765
Kentucky—Western	243	231	231	169	164	217
Maryland	34	34	38	23	28	44
Michigan	6	9	10	6	6	21
Montana (bituminous and lignite)	77	78	63	58	44	50
New Mexico	35	35	20	24	27	49
North and South Dakota (lignite)	25	25	31	31	17	**20
Ohio	612	674	674	451	414	871
Pennsylvania (bituminous)	2,800	2,550	2,823	2,280	2,025	3,734
Tennessee	142	149	142	110	113	118
Texas (bituminous and lignite)	8	8	7	11	20	24
Utah	102	117	97	76	66	83
Virginia	416	392	417	307	266	248
Washington	37	37	37	34	31	47
*West Virginia—Southern	2,223	2,157	2,351	2,000	1,845	1,515
†West Virginia—Northern	889	862	845	619	480	875
Wyoming	161	159	137	111	97	154
‡Other Western States	††	1	††	††	††	**
Total bituminous and lignite	11,330	10,925	11,221	9,222	8,058	11,538
§Pennsylvania anthracite	1,236	1,179	1,279	864	817	1,926
Total, all coal	12,566	12,104	12,500	10,086	8,875	13,464

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Bank Debits For Month Of August

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and non-member banks in the centers previously included in the weekly bank debits statement. The last weekly report was published on page 1876 of the May 4, 1942, issue of the "Chronicle."

We present below the figures for the month of August:

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

Federal Reserve District—	August, 1942	August, 1941	3 Months Ended August, 1942	3 Months Ended August, 1941
Boston	2,651	2,343	8,408	7,318
New York	18,711	16,527	56,874	53,442
Philadelphia	2,473	2,449	7,532	7,632
Cleveland	3,591	3,275	11,201	9,810
Richmond	2,087	1,726	6,307	5,287
Atlanta	1,682	1,425	5,033	4,270
Chicago	7,756	6,655	23,626	20,377
St. Louis	1,543	1,303	4,778	4,238
Minneapolis	949	890	2,806	2,537
Kansas City	1,742	1,459	5,223	4,355
Dallas	1,374	1,108	4,035	3,340
San Francisco	4,620	3,694	13,550	10,987
†Total, 274 centers	49,160	42,853	149,374	133,594
*New York City	17,051	15,079	51,554	48,648
*140 other centers	27,848	24,045	84,645	73,584
†133 other centers	4,281	3,729	13,174	11,361

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 11 a summary for the week ended Sept. 5, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Sept. 5, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	7,638
Number of shares	196,167
Dollar value	7,023,432
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	159
*Customers' other sales	8,248
Customers' total sales	8,407
Number of Shares:	
Customers' short sales	3,335
*Customers' other sales	200,409
Customers' total sales	203,744
Dollar value	6,018,749
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	64,460
Total sales	64,570
Round-lot Purchases by Dealers—	
Number of shares	58,120

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Sept. 5, 1942

Lumber production during the week ended Sept. 5, 1942, was 10% less than the previous week, shipments were 10% less, new business 17% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 6% above production; new orders 0.2% below production. Compared with the corresponding week of 1941, production was 3% greater, shipments 6% greater and new business 22% greater. The industry stood at 127% of the average of production in the corresponding week of 1935-39 and 146% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 35 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 4% above the shipments, and new orders 7% above the orders of the 1941 period. For the 35 weeks of 1942, new business was 21% above production and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 73% on Sept. 5, 1942, compared with 41% a year ago. Unfilled orders were 29% greater than a year ago; gross stocks were 27% less.

Softwoods and Hardwoods

Record for the current week ended Sept. 5, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	438	438	462
Production	244,505	237,494	270,963
Shipments	259,144	243,351	286,996
Orders	243,921	200,415	293,971

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	352	99
Production	233,663—100%	10,842—100%
Shipments	244,600—105	14,544—134
Orders	230,081— 99	13,840—128

Revenue Freight Car Loadings During Week Ended Sept. 5, 1942 Totaled 887,960 Cars

Loading of revenue freight for the week ended Sept. 5, totaled 887,960 cars, the Association of American Railroads announced on Sept. 3. This was an increase above the corresponding week in 1941, which included Labor Day holiday, of 90,169 cars or 11.3%, and an increase above the same week of 1940, which included Labor Day holiday of 192,866 cars or 27.7%.

Loading of revenue freight for the week of Sept. 5 decreased 11,459 cars or 1.3% below the preceding week.

Miscellaneous freight loading totaled 420,057 cars, an increase of 731 cars above the preceding week, and an increase of 83,374 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 88,997 cars, a decrease of 2,160 cars below the preceding week, and a decrease of 49,401 cars below the corresponding week in 1941.

Coal loading amounted to 166,100 cars, a decrease of 1,881 cars below the preceding week, but an increase of 15,936 cars above the corresponding week in 1941.

Grain and grain products loading totaled 44,084 cars, a decrease of 3,379 cars below the preceding week, but an increase of 7,206 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Sept. 5 totaled 29,845 cars, a decrease of 3,613 cars below the preceding week, but an increase of 4,954 cars above the corresponding week in 1941.

Live stock loading amounted to 16,143 cars, a decrease of 249 cars below the preceding week, but an increase of 3,526 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Sept. 5 totaled 12,343 cars, a decrease of 190 cars below the preceding week, but an increase of 2,829 cars above the corresponding week in 1941.

Forest products loading totaled 52,442 cars, a decrease of 2,244 cars below the preceding week, but an increase of 12,796 cars above the corresponding week in 1941.

Ore loading amounted to 85,862 cars, a decrease of 2,667 cars below the preceding week, but an increase of 15,060 cars above the corresponding week in 1941.

Coke loading amounted to 14,275 cars, an increase of 390 cars above the preceding week, and an increase of 1,672 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding weeks in 1941, and 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
5 weeks of August	4,350,948	4,463,372	3,717,933
Week of Sept. 5	887,960	797,791	695,094
Total	29,620,481	28,525,330	24,150,012

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 5, 1942. During this period 90 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 5

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	339	479	503	1,415	1,415
Bangor & Aroostook	941	715	632	190	279
Boston & Maine	6,433	7,776	6,359	14,216	12,0[illegible]8
Chicago, Indianapolis & Louisville	1,534	1,433	1,232	1,980	2,500
Central Indiana	19	17	16	62	6[illegible]
Central Vermont	1,088	1,333	1,128	2,814	2,406
Delaware & Hudson	6,437	6,466	4,502	11,450	10.166
Delaware, Lackawanna & Western	7,803	8,780	7,941	11,198	7,801
Detroit & Mackinac	580	277	305	300	144
Detroit, Toledo & Ironton	1,735	2,123	1,735	1,340	1,243
Detroit & Toledo Shore Line	274	270	245	2,685	3,458
Erie	13,235	13,627	11,490	16,848	14,627
Grand Trunk Western	3,977	4,342	2,897	8,562	8,324
Lehigh & Hudson River	211	162	134	3,313	2,328
Lehigh & New England	2,487	2,045	1,795	2,068	1,732
Lehigh Valley	8,668	9,073	7,348	15,060	7,597
Maine Central	2,229	2,634	2,204	2,600	2,266
Monongahela	6,248	5,608	4,543	442	359
Montour	2,387	2,344	2,272	31	65
New York Central Lines	50,017	46,177	39,270	57,401	47,496
N. Y., N. H. & Hartford	9,866	10,378	8,729	19,537	14,558
New York, Ontario & Western	1,048	1,112	1,019	2,474	2,068
New York, Chicago & St. Louis	8,447	6,460	5,344	16,093	12,638
N. Y., Susquehanna & Western	350	406	333	1,999	1,497
Pittsburgh & Lake Erie	8,163	7,694	6,721	8,667	8,261
Pere Marquette	5,853	5,358	5,071	6,071	5,798
Pittsburgh & Shawmut	880	519	707	33	39
Pittsburgh, Shawmut & North	360	422	333	278	466
Pittsburgh & West Virginia	978	889	924	3,538	2,464
Rutland	418	562	598	973	1,148
Wabash	6,445	5,369	4,949	12,873	9,794
Wheeling & Lake Erie	5,291	5,225	4,526	5,225	3,842
Total	164,744	160,075	136,815	231,736	188,938
Allegheny District—					
Akron, Canton & Youngstown	736	686	458	1,115	1,004
Baltimore & Ohio	42,769	38,225	31,107	26,354	20,593
Bessemer & Lake Erie	6,422	6,665	5,747	2,623	2,071
Buffalo Creek & Gauley	267	260	284	4	7
Cambria & Indiana	1,897	1,840	1,492	9	21
Central R. R. of New Jersey	7,440	7,469	5,988	19,814	14,708
Cornwall	672	683	640	57	45
Cumberland & Pennsylvania	257	266	193	9	35
Ligonier Valley	135	119	86	55	32
Long Island	1,183	867	608	3,985	2,998
Penn-Reading Seashore Lines	2,288	1,884	1,115	2,349	2,187
Pennsylvania System	85,119	79,857	64,611	62,121	53,381
Reading Co.	15,513	15,783	13,198	27,825	21,811
Union (Pittsburgh)	20,430	19,191	16,953	7,231	6,302
Western Maryland	3,967	3,908	2,959	13,432	8,648
Total	189,095	177,703	145,439	166,983	133,843
Pocahontas District—					
Chesapeake & Ohio	28,239	27,086	22,336	13,767	11,996
Norfolk & Western	23,552	21,971	19,225	6,876	5,441
Virginian	4,542	4,157	4,109	2,298	1,804
Total	56,333	53,214	45,670	22,941	19,241
Southern District—					
Alabama, Tennessee & Northern	354	394	244	339	203
Atl. & W. P.—W. R. R. of Ala.	683	942	763	2,773	1,958
Atlanta, Birmingham & Coast	682	883	688	1,063	950
Atlantic Coast Line	11,076	10,322	8,825	9,541	6,380
Central of Georgia	3,909	4,319	4,101	4,344	3,481
Charleston & Western Carolina	376	442	432	1,534	1,303
Clinchfield	1,768	1,696	1,252	2,609	2,479
Columbus & Greenville	396	298	216	247	359
Durham & Southern	116	200	159	572	605
Florida East Coast	903	416	463	1,516	858
Gainesville Midland	40	38	30	60	77
Georgia	1,494	1,312	1,025	2,806	1,819
Georgia & Florida	314	469	276	607	627
Gulf, Mobile & Ohio	4,370	3,739	2,856	4,619	3,252
Illinois Central System	28,241	22,979	19,273	18,210	11,656
Louisville & Nashville	25,719	23,358	19,618	10,899	7,720
Macon, Dublin & Savannah	186	208	125	733	639
Mississippi Central	302	204	139	1,203	332
Nashville, Chattanooga & St. L.	3,648	3,053	2,701	4,608	2,883
Norfolk Southern	1,342	1,472	1,107	2,179	1,523
Piedmont Northern	342	495	426	1,223	1,335
Richmond, Fred. & Potomac	439	385	344	8,864	4,775
Seaboard Air Line	10,596	9,029	8,191	8,782	5,511
Southern System	23,469	22,059	20,255	24,450	17,016
Tennessee Central	527	477	432	821	739
Winston-Salem Southbound	95	126	157	1,169	1,086
Total	121,387	109,315	94,098	115,771	79,578
Northwestern District—					
Chicago & North Western	21,273	19,739	18,707	15,088	12,790
Chicago Great Western	2,653	2,684	2,397	3,750	3,295
Chicago, Milw., St. P. & Pac.	22,025	20,363	18,453	12,903	8,258
Chicago, St. Paul, Minn. & Omaha	4,084	3,758	3,914	4,670	4,307
Duluth, Missabe & Iron Range	31,067	23,586	21,454	386	327
Duluth, South Shore & Atlantic	1,195	1,152	1,047	1,349	463
Elgin, Joliet & Eastern	9,917	9,903	8,000	10,853	9,43[illegible]
Ft. Dodge, Des Moines & South	591	583	458	106	116
Great Northern	27,128	23,684	24,603	5,989	4,073
Green Bay & Western	505	535	473	879	787
Lake Superior & Ishpeming	2,227	2,467	4,058	61	7[illegible]
Minneapolis & St. Louis	2,184	1,917	1,968	2,470	2,163
Minn., St. Paul & S. S. M.	8,246	6,794	8,431	3,102	3,348
Northern Pacific	12,620	10,418	10,051	5,795	4,580
Spokane International	277	127	288	601	297
Spokane, Portland & Seattle	2,874	2,157	1,750	3,657	2,276
Total	148,866	129,867	126,052	71,665	56,590
Central Western District—					
Atch., Top. & Santa Fe System	22,954	20,576	18,169	13,012	8,060
Alton	3,644	2,978	2,804	4,856	2,718
Bingham & Garfield	549	673	527	96	92
Chicago, Burlington & Quincy	20,293	16,873	14,118	12,151	10,794
Chicago & Illinois Midland	2,447	2,630	1,905	1,033	956
Chicago, Rock Island & Pacific	12,835	11,799	11,332	13,023	8,816
Chicago & Eastern Illinois	2,856	2,504	2,308	4,507	2,843
Colorado & Southern	910	762	605	1,869	1,55[illegible]
Denver & Rio Grande Western	6,125	4,462	3,687	6,189	3,797
Denver & Salt Lake	820	714	713	18	2[illegible]
Fort Worth & Denver City	1,382	874	935	1,702	865
Illinois Terminal	1,846	1,733	1,723	2,534	1,93[illegible]
Missouri-Illinois	1,246	1,012	837	488	686
Nevada Northern	2,200	1,626	1,332	105	139
North Western Pacific	1,307	1,039	799	742	484
Peoria & Pekin Union	2	8	11	0	0
Southern Pacific (Pacific)	32,973	26,305	24,102	10,712	6,887
Toledo, Peoria & Western	330	299	318	1,589	1,561
Union Pacific System	16,606	15,946	13,635	16,059	11,753
Utah	514	506	331	3	1
Western Pacific	2,462	1,755	1,845	3,787	3,019
Total	134,301	115,074	102,036	94,475	66,988
Southwestern District—					
Burlington-Rock Island	955	137	120	163	172
Gulf Coast Lines	3,983	2,916	2,459	2,705	1,857
International-Great Northern	3,195	1,824	1,994	2,678	1,03[illegible]
Kansas, Oklahoma & Gulf	328	224	213	1,207	1,000
Kansas City Southern	5,166	2,583	1,659	2,897	2,640
Louisiana & Arkansas	4,149	2,164	1,685	2,548	2,592
Litchfield & Madison	308	247	330	1,375	1,206
Midland Valley	634	797	508	200	245
Missouri & Arkansas	179	109	190	478	271
Missouri-Kansas-Texas Lines	5,528	3,957	3,833	5,190	3,950
Missouri Pacific	18,381	15,300	13,132	21,178	11,742
Quanah Acme & Pacific	65	103	71	176	175
St. Louis-San Francisco	10,242	7,877	6,352	8,914	4,669
St. Louis Southwestern	2,927	2,670	2,037	6,340	3,171
Texas & New Orleans	12,628	7,438	6,972	4,877	4,036
Texas & Pacific	4,465	4,045	3,247	8,089	4,524
Wichita Falls & Southern	84	126	101	27	57
Weatherford M. W. & N. W.	17	26	15	18	60
Total	73,234	52,543	44,984	69,060	44,306

Note—Previous year's figures revised.

Non-Ferrous Metals—More Silver Sought By Consumers—Full-Car Order Off Until Oct. 15

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 10, stated: "Consumers of silver unable to obtain foreign metal because of tight restrictions imposed recently by the War Production Board have organized the Silver Users' Emergency Committee to study the possibilities of modifying the regulations. Manpower Commissioner McNutt ruled that labor must remain at non-ferrous metal mines, mills, smelters, and refineries to maintain production, unless workers can show good cause for shifting to other jobs. The Office of Defense Transportation announced that the full-carload order scheduled for Sept. 15 has been postponed to Oct. 15. The order as it now stands is not practicable." The publication further went on to say in part:

Copper

The Inventory and Requisition Branch of WPB announced on Sept. 9 that 14,000 firms reported 55,000 tons of copper and copper-alloy products in idle and excessive inventories frozen under the Government's conservation orders. So far about 14,500 tons has been allocated for war use, and 25,500 tons are available for distribution. Fully 15,000 tons have not been released by owners, and this tonnage may have to be requisitioned by WPB should holders refuse to part with the metal voluntarily.

The market situation in copper was unchanged. September allocations are being disposed of quickly. Quotations in the domestic trade continued at 12¢, Valley. Foreign copper is coming into the country on the basis of 11.75¢, f.a.s.

The Army, Navy, and Maritime Commission have agreed to rigid restrictions that confine copper to vital war uses, the Director General for Operations of WPB has announced. With the exception of articles named in the "Military Exemption List" of Copper Conservation Order M-9-c, issued recently in final form, use of articles listed in the regulations is prohibited even for the armed services. Most of the permitted uses in the exemption list are for aircraft and shipboard installations where copper and copper products are necessary.

Operations at some small-arms plants have been temporarily curtailed because output of ammunition in this classification has been abundant, the War Production Board disclosed last week. This means a saving of copper and zinc for more essential needs.

Lead

Those in the lead industry who hoped for quick action in reference to modifying the conservation order were disappointed last week. The authorities in Washington have the best intentions of easing the order, it seems, but so far progress has been slow.

Demand was active, with sales over 2½ times those of the preceding week. Quotations were maintained on the basis of 6.50¢, New York, and 6.35¢, St. Louis.

Zinc

The industry is interested in developments in Washington in connection with the labor situation. Production could be raised in more than one direction if sufficient manpower were available. Consumption of zinc in galvanizing is dropping because of the limitations imposed by the WPB. Supplies of the ordinary grades are larger than at the beginning of the year. The price situation remains unchanged, Prime Western holding at 8¼¢, St. Louis.

Tin

Salvage of tin from old tin cans will be expanded to recover 5,000 tons of tin a year.

Straits quality tin for future delivery was nominally as follows:

	Sept.	Oct.	Nov.
Sept. 3	52.000	52.000	52.000
Sept. 4	52.000	52.000	52.000
Sept. 5	52.000	52.000	52.000
Sept. 7		Holiday	
Sept. 8	52.000	52.000	52.000
Sept. 9	52.000	52.000	52.000

Chinese tin, 99% spot, 51.125¢ all week.

Quicksilver

Sufficient business is passing to keep all selling pressure from the market, and quotations in New York continued at $194.43 to $198.08 per flask.

Advices from London report that "Siele," the second largest quicksilver producer in Italy, produced 40,000 flasks in 1941, all of which went to Germany.

Silver

Silver consumers frozen out of the market because of conservation of foreign metal have organized to bring about a change in the regulations.

During the past week the silver market in London has been quiet, with the price unchanged at 23½d. The New York Official is unchanged at 44¾¢; this quotation applies to silver bullion imported on or after Aug. 31, 1942. The U. S. Treasury price is unchanged at 35¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Payment On Parana 7s

The Chase National Bank of New York announces that it has received as special agent funds with which to pay holders of State of Parana (Brazil) 7% external sinking fund consolidated gold bonds due Mar. 15, 1958, 13.975% of the face amount of coupons due Mar. 15, 1940. The payment amounts to $4.89125 for each $35 coupon and $2.445625 for each $17.50 coupon, and is in full payment of all interest claims. Payment of the interest may be obtained at the coupon paying division of the bank, 11 Broad Street, New York.

Items About Banks, Trust Companies

Richard Mather Boardman, Manager of the Research and Investment Advisory Departments of Kean, Taylor & Co., 14 Wall St., died on Sept. 11, at the Roosevelt Hospital, New York City, after a short illness. He was 33 years old. A native of New York City, Mr. Boardman attended the Loomis School and Phillips Exeter Academy, and was graduated from Yale College in 1931, and, after a year in business, from the Harvard Business School in 1934. He had been with Kean, Taylor & Co. since March, 1936. Mr. Boardman was an elder of the Madison Avenue Presbyterian Church and a member of the Church Extension Committee of the New York Presbytery. He was also on the board of directors of Labor Temple.

George Albert Saxton, President of G. A. Saxton & Co., Inc., New York investment securities firm, died of a heart attack on Sept. 14 while swimming at Beach Haven, N. J. He was 41 years old. Mr. Saxton established the concern bearing his name in 1934, having been earlier associated with several New York brokerage houses. Born in Boston, Mr. Saxton was graduated from the Boston Latin School and Harvard University in 1922. He also studied at the Sorbonne in Paris. Returning to this country in 1924, Mr. Saxton taught romance languages for two years at Grove City (Pa.) College. He entered the bond business in 1926 and came to New York in 1932.

John W. Larsen, Assistant Secretary of the North River Savings Bank, New York City, has been promoted to Treasurer, according to an announcement of Harris A. Dunn, President. Mr. Larsen has been with the bank since 1933.

William N. Ely, retired Philadelphia banker, died on Sept. 7 at Mendon, Vt. He was 82 years old. Mr. Ely was connected with the Girard Trust Co., Philadelphia, for 52 years, serving as Senior Vice-President for a term before his retirement in 1936.

George L. Medill, President of the First National Bank of York, Pa., died of heart disease on Sept. 11 in York, shortly after attending the annual banquet of the York County chapter of the American Bankers Association. He was 63 years old. Mr. Medill, who had been head of the First National Bank of York since 1933, was the first bank commissioner for the State of Delaware. He had also served as a bank examiner in Delaware and Pennsylvania.

The admission to membership in the Federal Reserve System of the Colonial Savings Bank, Fremont, Ohio, was announced on Sept. 9 by the Federal Reserve Bank of Cleveland. The bank was incorporated in 1904 as the Colonial Savings Bank and Trust Co., with an initial capital of $75,000. In 1921, the corporate name was changed to the Colonial Savings Bank, and in 1934 the bank relinquished its trust powers. Since that time, they have operated as a commercial and savings bank. Total deposits of the institution are substantially in excess of $1,000,000. The bank is headed by the members of the Christy family, well known in Fremont circles as manufacturers of cutlery.

Gen. Robert E. Wood, Chairman of the Board of Sears, Roebuck & Co., and Charles A. McCulloch, prominently identified with many lines of business, were elected Directors of the First National Bank of Chicago at the regular meeting of the Board on Sept. 11. This election fills the two vacancies on the Board.

Edmund Burke was elected Comptroller of the bank, retaining his title as Auditor. He takes the place temporarily vacated by Charles Z. Meyer, who was a reserve corps officer and is now on active duty in the army. Mr. Meyer has been granted a leave of absence by the bank for the duration.

The Exchange Bank & Trust Co., El Dorado, Ark., became a member of the Federal Reserve Bank of St. Louis on Sept. 11. The new member has a capital of $100,000, surplus of $25,000, and total resources of $1,780,000. Its officers are: C. N. Barton, Vice-President and Secretary; D. R. James, Vice-President; Louis E. Hurley, Vice-President and Cashier; H. B. Axum, Assistant Cashier.

The addition of the Exchange Bank & Trust Co. brings the total membership of the Federal Reserve Bank of St. Louis to 448. These member banks hold over 70% of the net deposits of all banking institutions in the Eighth District. This is the eleventh State bank in this district to join the System since the first of the year.

The Mexico Savings Bank, Mexico, Mo., has become a member of the Federal Reserve Bank of St. Louis. The new member organized as a private bank in 1861, and incorporated in 1867, has a capital of $100,000, surplus of $50,000, and total resources of $1,945,882. Its officers are: W. R. Courtney, President; C. W. Baker and W. Y. Burns, Vice-Presidents; J. Frank Atkinson, Cashier, and H. W. Curry Assistant Cashier.

The annual report of the Standard Bank of South Africa, Ltd. (head office, London), covering the fiscal year ended March 31, 1942, and submitted to the proprietors at their 129th ordinary meeting on Aug. 26, has recently been received. The profit and loss account shows that after making an appropriation to contingencies account there was a balance of profit of £560,740, as against £561,837 in the previous year. Including the amount of £144,769 brought forward there remained for disposal the sum of £705,509. The interim dividend paid in January last absorbed £125,000, and after allocating £50,000 for bank premises, there is a balance of £530,509. The directors recommended that £150,000 be allocated to the officers' pension fund, that a final dividend of 7s. per share be paid together with a bonus of 2s. per share, making a total of 14% for the year, and that £155,509 be carried forward. Total resources are given in the balance sheet at £125,266,530. As compared with the figures for the previous year, deposits, current and other accounts showed a further increase of approximately £17,500,000. On the assets side, cash in hand and at call and short notice was higher by about £3,500,000, and investments increased by nearly £15,000,000 as the result of purchases of Government stocks. Bills discounted, advances to customers, and other accounts declined by about £3,000,000.

Chicago Home Loan Bank Advances Up In August

August saw a 73.38% increase over July in the dollar volume of advances by the Federal Home Loan Bank of Chicago to savings, building and loan associations in Illinois and Wisconsin, A. R. Gardner, President, announced on Sept. 9. A total of $1,209,566 was loaned this past month, he said, making it the third most active so far in 1942.

Counter-inflationary trends in the bank's transactions were seen in the fact that for each $1 disbursed, $1.75 was repaid on loans already outstanding. Many of the bank's 454 member institutions are located where war industries have not yet been allocated and these are generally the source of repayments ahead of schedule on Federal Home Loan Bank borrowings, since they no longer have such heavy mortgage loan demand in their localities as was characteristic a year and two years ago. This August's volume of new advances by the regional bank ran about 72% of that of last August when home building restrictions of the war economy were still in the talking stages, Mr. Gardner said.

Savs.-Loan League Aids War Bond Drive

The appointment of State chairmen for the $100,000,000 Government bond investment drive sponsored by the United States Savings and Loan League is announced by Fermor S. Cannon, Indianapolis, President of the League. Quotas have been assigned for each of the States stipulating a minimum amount to be invested by the savings, building and loan associations in Government bonds, including Series F and G War Bonds during the last half of 1942, in addition to their holdings as of June 30.

The average investment asked for is about 4% of an association's assets. The campaign launched by officers of the League on July 1 has already resulted in eight of the States going over their quotas, Mr. Cannon said, while two others, as the tenth week of the campaign came to a close, were hovering on the edge of attaining their minimum.

War Is Increasing Bank Deposit Volume

The war will bring about a sharp increase in the volume of deposits, a decrease in the ratio of capital funds to deposits, great changes in the regional distribution of deposits, and cause the monetary authorities to employ mainly qualitative credit control measures in executing their credit policy regarding loans by banks for purposes not related to the war effort, according to a bulletin entitled "Effect of the War on the Commercial Banks of the United States," issued on Sept. 10 by Dean John T. Madden, Director of the Institute of International Finance of New York University.

The announcement regarding the study says:

"Before contemplating the possible permanent effects that the present war may have on the banks, it is advisable to consider first some of the effects of the last war. It should be noted, however, that during the first World War the banks did not buy a large amount of Government securities. Holdings of Government obligations of all member banks rose by only $2,712,000,000 between the end of 1914 and the end of 1919. In contrast to this relatively small increase, loans and discounts during the same period increased by $11,945,000,000. This development was due to the fact that individuals and institutions borrowed from the banks and utilized the funds to acquire Government obligations. Total deposits of all member banks, exclusive of interbank deposits, rose from $6,429,000,000 at the end of 1914 to $22,016,000,000 at the end of 1919, an increase of 242.4%. The growth in the volume of deposits as a consequence of the last war, therefore, was percentage-wise as great as the possible increase in deposits that may result from the present war.

"The immediate post-war period was marked by higher prices and a substantial increase in the national income. The average wholesale price index (1926=100) during the five year period 1921-1925 was 99.3, as against 68.5 in the years 1910-1914. The average annual national income grew from $32,000,000,000 in the period 1909-1914 to $64,000,000,000 for the years 1921-1925. The rise in national income was the result partly of the increase in prices and partly of the increase in the physical volume of industrial and agricultural production. The effect of the increase in deposits on the banks, therefore, was to a large extent counteracted by the rise in price level and wage rates as well as by the increase in the volume of production.

"Assuming that by the end of the war the volume of deposits of all commercial banks, exclusive of interbank deposits, will have increased by $70,000,000,000 over the present amount, deposits of the commercial banks would then aggregate approximately $135,000,000,000, representing an increase of about 200% over the amount on June 30, 1939. The effects on the banks of this sharp increase in the volume of deposits will depend (1) on the movement of prices; (2) on the cost of production; (3) on the volume of business activity; and (4) on the measures taken by the Government to fund outstanding short-term obligations.

"If commodity prices and the cost of production should rise proportionately to the increase in deposits, then the effect on the banks will not be great, because the amount of deposits will be adjusted to the volume of business activity and the cost of doing business. If, on the other hand, production costs and commodity prices should not increase at a rate corresponding to that of the growth of deposits, but the Government were to redeem a considerable portion of maturing securities held by the banks with the proceeds from the sale of new issues to non-bank investors, the volume of deposits might be brought down to the amount required by business activity and the price level. If prices and production costs were not to keep pace with the rise in the volume of deposits, and a portion of the Government obligations acquired by the banks during the war is not absorbed by ultimate investors at the return of peace, then the volume of deposits will be above the needs of business, a condition which would tend to decrease the volume of bank loans."

In discussing the ratio of capital funds to deposits the bulletin states: "In view of the relatively low net earnings of the banks in the past several years, the assumption is warranted that the rapid growth of deposits will not be accompanied by a corresponding percentage increase in the capital, surplus and undivided profits of the banks, either through additions from earnings or through the sale of new shares. This in turn raises the question as to what will be the effect of the continuous decrease in the ratio of the banks' own resources to deposits. Between June 30, 1939, and Dec. 31, 1941, the ratio of capital accounts to deposits of operating insured commercial banks decreased from 12.45% to 9.86%.

"It is obvious that the decline in the ratio of capital funds to deposits will effect the lending and investing policies of the banks. Banks look upon their own resources as a reserve against potential losses on their earning assets. Hence, when the ratio of capital to deposits or to earning assets tends to decrease, banks are apt to become more conservative in their lending as well as investing and to place greater emphasis on the liquidity of their assets. The traditional ratio of a bank's own resources to deposits of 1:10, which has long been considered as standard in the United States, is bound to disappear."

NYSE Short Interest Higher On Aug. 31

The New York Stock Exchange announced on Sept. 10 that the short interest existing as of the close of business on the Aug. 31 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 532,867 shares, compared with 517,422 shares (revised) on July 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Aug. 31 settlement date, the total short interest in all odd-lot dealers' accounts was 31,579 shares, compared with 40,731 shares, on July 31.

The Exchange's announcement further said:

"Of the 1,241 individual stock issues listed on the Exchange on Aug. 31, there were 22 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of Aug. 31, exclusive of odd-lot dealers' short position, was 399 compared with 402 on July 31."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867

*Revised.

Rayon Deliveries Higher

Shipments of rayon filament yarn to domestic consumers in August amounted to 38,400,000 pounds, the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York, announced on Sept. 8. This figure compares with shipments of 40,000,000 pounds in July and with 37,300,000 pounds in August, 1941.

For the eight months of the year ended with August, filament yarn shipments aggregated 309,700,000 pounds, an increase of 13,800,000 pounds, or 5%, compared with shipments of 295,900,000 pounds reported for the corresponding period last year.

The publication further states:

"Rayon staple fiber shipments to domestic consumers in August totaled 12,800,000 pounds as compared with 12,600,000 pounds in July and 12,200,000 pounds in August, 1941. For the eight months of the current year ended with August, staple fiber shipments aggregated 101,200,000 pounds, an increase of 12,100,000 pounds, or 14%, compared with shipments of 89,100,000 pounds shipped in the corresponding period last year.

"Stocks of rayon filament yarn held by producers at the close of August totaled 7,300,000 pounds, compared with 6,600,000 pounds held on July 31. Stocks of staple fiber held on Aug. 31 totaled 3,900,000 pounds, against 3,100,000 pounds held on July 31.